

Financial statements

Financial period ending 31 December 2023

Berne, July 2024



UPU | UNIVERSAL
POSTAL
UNION

Universal Postal Union

Financial statements

Financial period ending 31 December 2023

Berne, 2 July 2024

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Introduction

I have pleasure in presenting to you the consolidated financial statements of the Universal Postal Union (UPU) for the financial period ending 31 December 2023.

The consolidated financial statements have been established according to the International Public Sector Accounting Standards (IPSAS) and cover all of the organization's operations, including those funded by the regular budget, voluntary contributions and other revenue-generating funds.

The result is an overview of the organization's activities and various funding sources. This is important given the financial challenges that the organization faces in achieving the results expected under the Abidjan Postal Strategy.

The accounts are to be submitted to the UPU Council of Administration (CA) for examination and approval, together with the opinion of the External Auditor, in accordance with article 38 of the UPU Financial Regulations.

The consolidated surplus for the 2023 financial year amounts to 6,562,465 million CHF, compared with 4,587,356 CHF in 2022.

The result recorded in 2023 is higher than in 2022. For the two consecutive financial years, income exceeded expenses. In terms of revenue, the main variation factors were an increase in voluntary contributions, in particular those linked to the Quality of Service Fund (QSF), and an increase in financial revenue, thanks to an increase in interest rates. In terms of expenses, there was an increase in project expenditure, particularly for the QSF, an increase in financial costs, and technical factors regarding the assessment of staff-related liabilities, which resulted in lower staff expenses (statement II). The impact of exchange rate differences was minimal in 2023, with the overall loss limited to 2,184,162 CHF.

The assessment of staff-related liabilities also had a significant impact on the balance sheet, which shows a decrease in net assets of 47 million CHF, in the amount of 133,690,549 CHF (statement I).

The consolidated budgetary result, comprising the Union budget and the extrabudgetary programmes (statement V), shows a total overspend of 6,309,919 CHF, mainly as a result of the high level of QSF expenditure.

Berne, 2 July 2024

Masahiko Metoki
Director General

Statement I – Statement of financial position at 31 December 2023 (in CHF)

	Notes	2023	2022 (restated)
<i>Assets</i>			
<i>Current assets</i>			
Cash and cash equivalents	3	34,667,167	33,558,447
Investments	7	124,945,588	68,537,321
Accounts receivable (non-exchange transactions)	4	28,028,106	32,120,003
Accounts receivable (exchange transactions)	4	11,263,606	32,797,945
Inventories	5	105,309	117,985
Other current assets	6	4,276,125	2,853,290
Total current assets		203,285,899	169,984,992
<i>Non-current assets</i>			
Investments	7	–	72,376,579
Accounts receivable (non-exchange transactions)	4	–	8,048,580
Equipment	8	2,330,053	415,497
Intangible assets	9	706,120	896,989
Land and buildings	10	19,229,625	20,111,434
Other non-current assets	6	22,250	22,188
Total non-current assets		22,288,048	101,871,267
Total assets		225,573,947	271,856,258
<i>Current liabilities</i>			
Accounts payable and accrued expenses	11	11,393,073	33,707,815
Employee benefits	12	2,496,474	2,951,574
Deferred revenue	13	85,102,475	88,029,375
Advances	13	67,991,615	79,093,551
Funds-in-trust held for translation services	15	8,776,473	7,882,548
Provisions	14	–	50,000
Total current liabilities		175,760,109	211,714,863
<i>Non-current liabilities</i>			
Employee benefits	12	183,504,386	138,851,733
Deferred revenue	13	–	8,000,000
Total non-current liabilities		183,504,386	146,851,733
Total liabilities		359,264,495	358,566,595
Accumulated surplus (deficit) Union funds	16	-138,755,173	-101,354,319
Accumulated surplus (deficit) other funds	16	7,130,218	7,944,812
Accumulated surplus (deficit) controlled entities	16	-8,189,652	1,041,873
Reserves	16	6,124,059	5,657,297
Net assets	16	-133,690,549	-86,710,337

Statement II – Statement of financial performance from 1 January to 31 December 2023 (in CHF)

	Notes	2023	2022 (restated)
Income			
Statutory contributions from member countries	19	37,976,300	37,898,600
Other annual contributions	19	5,003,184	4,729,244
Voluntary contributions	19	29,287,192	16,949,485
Sales	19	12,877,305	12,378,980
Financial revenue	19	5,312,838	2,826,166
Exchange gains	21	5,660,874	3,061,347
Other revenue	19	1,257,919	1,115,424
Total revenue		97,375,613	78,959,247
Expenses			
Staff expenses	20	43,761,844	49,005,598
Travel	20	733,099	369,134
Consultants and external contracts	20	5,198,105	5,307,022
Project expenses	20	23,742,594	9,913,633
General operating expenses	20	1,155,165	1,185,561
Materials and supplies	20	630,941	503,930
Maintenance and repairs	20	2,077,632	1,952,684
Depreciation and impairments	20	1,539,799	1,380,168
Financial costs	20	2,600,086	261,126
Exchange losses	21	7,845,037	3,218,720
Other expenses	20	1,528,846	1,274,315
Total expenses		90,813,148	74,371,891
Net result		6,562,465	4,587,356

Statement III – Statement of changes in net assets at 31 December 2023 (in CHF)

	Notes	Accumulated surplus (deficit) – Union funds	Accumulated surplus (deficit) – other funds	Accumulated surplus (deficit) – controlled entities	Reserves	Total net assets
Net assets at 31 December 2021 (restated)		-171,384,829	3,061,646	-12,702,500	3,724,549	-177,301,134
Net result current period		-90,679	3,408,511	1,269,524	–	4,587,356
Recognized actuarial gain (loss) in net assets	12	72,273,795	997,767	12,366,767	–	85,638,329
Reclassification between tied own funds and other funds	16	-202,736	202,736	–	–	–
Reclassification between untied own funds and other funds	16	-17,124	17,124	–	–	–
Use of reserves	16	42,173	–	–	-42,173	–
Allocation to the building reserve	16	-1,974,920	–	–	1,974,920	–
Foreign currency translation		–	257,030	108,081	–	365,111
Net assets at 31 December 2022 (restated)	16	-101,354,318	7,944,814	1,041,872	5,657,296	-86,710,338
Revaluation of assets at 1 January 2023	2	-3,561,768	–	–	–	-3,561,768
Net result current period		7,565,568	-39,950	-963,153	–	6,562,465
Recognized actuarial gain (loss) in net assets	12	-40,824,258	-635,984	-7,727,410	–	-49,187,652
Reclassification between tied own funds and other funds	16	-113,634	113,634	–	–	–
Use of Social Fund reserve	16	48,474	–	–	-48,474	–
Allocation to the Social Fund reserve	16	-42,459	–	–	42,459	–
Allocation to the building reserve	16	-472,777	–	–	472,777	–
Foreign currency translation		–	-252,294	-540,963	–	-793,257
Net assets at 31 December 2023	16	-138,755,175	7,130,220	-8,189,653	6,124,058	-133,690,550

Statement IV – Statement of cash flow from 1 January to 31 December 2023 (in CHF)

	Notes	2023	2022
Net result		6,562,465	4,587,356
<i>Cash flow from operating activities</i>			
Depreciation and impairments	8 to 10	1,539,799	1,380,168
Amortization of grants	10	-22,316	-22,316
Increase (decrease) in provision for expected credit losses	4.20	2,174,754	330,902
(Increase) decrease in non-exchange transactions receivable	4	6,282,621	6,151,104
(Increase) decrease in exchange transactions receivable	4	21,655,674	-10,561,141
(Increase) decrease in inventories	5	12,677	-5,829
(Increase) decrease in other assets	6	-1,422,897	1,130,251
Increase (decrease) in payables and accrued expenses	11	-22,314,742	10,728,130
Increase (decrease) in deferred revenue	13	-10,926,900	-5,429,883
Increase (decrease) in advances	13	-11,101,936	-1,105,894
Increase (decrease) in employee benefit liabilities	12	-4,990,099	-716,600
Increase (decrease) in other provisions	14	-50,000	–
Increase (decrease) of amounts due to translation services	15	893,925	196,751
Entity foreign currency translation differences (operating activities)		584,287	873,342
Net cash flow from operating activities		-11,122,689	7,536,341
<i>Cash flow from investment activities</i>			
(Increase) decrease in investments	7	15,968,312	-20,580,502
(Increase) decrease in equipment and intangible assets	8 and 9	-2,359,361	-401,942
Entity foreign currency translation difference (investment activities)		–	996
Net cash flow from investment activities		13,608,951	-20,981,448
<i>Cash flow from financing activities</i>			
Increase (decrease) in loans		–	–
Net cash flow from financing activities		–	–
Net increase (decrease) in cash and cash equivalents		2,486,262	-13,445,106
Cash and cash equivalents, beginning of period	3	33,558,448	47,511,785
Effect of foreign currency translation on cash and equivalents		-1,377,544	-508,231
Cash and cash equivalents at end of period	3	34,667,166	33,558,448

Statement V – Statement of comparison of budget and actual amounts from 1 January to 31 December 2023 (in CHF)

Strategic pillar	Budget 2023	Extrabudgetary programmes 2023	Total budget 2023	Gross actual amounts 2023	Difference 2023
Forum	5,727,825	2,923,050	8,650,875	9,980,408	-1,329,533
Provider of technical solutions	9,789,867	31,485,204	41,275,071	49,833,723	-8,558,652
Knowledge centre	2,881,248	2,498,075	5,379,323	2,785,778	2,593,545
Functional support	17,491,090	861,600	18,352,690	17,607,887	744,803
Financing of staff-related liabilities	3,000,000	723,500	3,723,500	3,483,582	239,918
Total expenses 2023	38,890,030	38,491,429	77,381,459	83,691,378	-6,309,919

Explanation of differences between budget and actual amounts in 2023

In accordance with articles 107.1.4 and 146 of the General Regulations, the CA examined the 2023 UPU Programme and Budget (P&B) in November 2022. The CA set the 2023 regular budget at 38,890,030 CHF.

The expenses presented in statement V are presented on the same basis as the budget.

A reconciliation of revenue and expenses on a budgetary and full accrual basis is included in note 18 to these financial statements.

Expenditure exceeded the 2023 budget by 6,309,919 CHF. This result can be explained mainly by the high expenses associated with QSF projects, which exceeded the estimated average used when the 2022 P&B was drawn up.

An analysis of the P&B shows expenses exceeding the budget allocated for strategic pillar 1 (Forum). This pillar comprises three programmes: events and meetings of the CA, Postal Operations Council (POC) and technical working groups; treaties and international agreements; and settlement mechanisms. The organization of two CA/POC sessions and several in-person meetings of CA and POC technical groups required additional investment in human resources, leading to additional expenses of 1,329,533 CHF.

Strategic pillar 2 (Provider of innovative and affordable technical solutions) encompasses consulting and capacity-building projects through technical cooperation, training and quality advice in key areas of the postal sector, such as addressing, e-commerce, the supply chain, remuneration, financial inclusion and sustainable development. The surplus of expenses of 8,558,652 CHF is primarily due to extrabudgetary activities, especially projects relating to the QSF.

Strategic pillar 3 (Information and knowledge centre) encompasses all research programmes and in-depth studies into problems affecting the postal sector as a whole (studies of the postal market and its trends, regulatory studies, digital economy and financial inclusion), as well as data storage and protection (philately, standards, EMS). The positive difference of 2,593,545 CHF is attributable to the reallocation of human resources to strategic pillar 1 for the preparation of CA/POC sessions, but also to the fact that certain posts, particularly those dedicated to postal and regulatory studies, were vacant in 2023.

Expenses under strategic pillar 4 (Functional support) were 744,803 CHF lower than planned in the 2023 budget.

The “financing of staff-related liabilities” item (non-operating expenses) corresponds to the amount of the guarantee to be paid into the UPU Provident Scheme, as decided by Congress. This amount was paid in full in 2023. The participation of the extrabudgetary entities amounted to 530,827 CHF and that of the translation services to 239,918 CHF.

Notes to the financial statements

The accompanying notes form an integral part of these financial statements.

Note 1 – Objectives and budget of the organization

Established in 1874, the UPU serves as the primary forum for cooperation between postal sector players. It helps to ensure a truly universal network of up-to-date products and services and fulfils an advisory, mediating and liaison role, and provides technical assistance where needed. It sets the rules for international mail exchanges and makes recommendations to stimulate growth in mail, parcel and financial services volumes, and to improve quality of service for customers.

The Union, which now has 192 member countries, functions in accordance with the provisions of the 1874 Treaty of Berne. The Constitution of the UPU is the fundamental Act containing the organic rules of the Union. It is a diplomatic Act, ratified by the competent authorities of each member country. Amendments to the Constitution can be made only at Congress and are recorded in an Additional Protocol, which is also subject to ratification.

The common rules applicable to the international postal service and the provisions concerning the letter-post and parcel-post services are given in the Convention and its Regulations. The Convention Regulations are agreements concluded by the member countries elected by Congress to the Postal Operations Council (POC), which has the authority to amend the Regulations at its annual sessions. The Convention and its Regulations are binding on all member countries. The Postal Payment Services Agreement and its Regulations are binding only on the countries that are parties to the Agreement.

The UPU is based in Berne, Switzerland, and enjoys the privileges and immunities granted under the Convention on Privileges and Immunities of Specialized Agencies of the United Nations of 1 July 1948, as well as the Headquarters Agreement with the Swiss Federal Council. In particular, the UPU is exempt from most forms of direct and indirect taxes.

The UPU is governed by Congress, the CA and the POC, its constituent bodies established under the UPU Constitution.

Congress serves as the supreme body of the Union and consists of representatives of the member countries. It meets every four years and elects the Director General and Deputy Director General of the International Bureau, each to a four-year term during the period between two successive Congresses. Congress establishes maximum expenditure levels for the Union's budget and elects the members of the CA and POC.

The CA consists of 41 member countries elected during Congress. Traditionally, the other members of the CA elect a Chair from the host country of Congress. The members and the Chair serve for a term of four years between Congresses. The CA meets each year and approves the budget and accounts of the Union, and adopts the Financial Regulations, Staff Regulations and the regulations governing various funds administered by the Union.

The POC consists of 48 member countries elected during Congress, at least one third of which must be renewed during each election. The POC meets each year and is responsible for the operational, economic and commercial aspects of the postal business. It also makes recommendations to member countries regarding standards for technological, operational or other processes within its competence where uniform practices are essential.

In accordance with the Constitution, the UPU is funded by contributions from its member countries. It also receives voluntary contributions from member countries and other donors, and collects fees for products and services provided. The Union operates on the basis of an annual budget, which appropriates the expenditure authorizations approved by the CA. The approval of these appropriations provides the Director General with the authority to commit and authorize expenses, and to make payments for the purposes assigned, within the limits of the appropriations.

In its consolidated financial statements, the Union presents all the revenue and expenses associated with the strategic objectives of the organization, including those of a number of entities. These entities participate fully in the organization's mission and also benefit from administrative support provided by the International Bureau.

They are neither legal entities nor cooperative companies as defined under private law, and direct oversight is exercised by the UPU's bodies. These entities are fully consolidated in the UPU financial statements.

The entities controlled are as follows:

- The EMS Cooperative is a voluntary cooperative established by resolution of the POC (CEP 2/1998). It consists of members that are both importers and exporters of EMS items. The EMS Cooperative promotes cooperation among members with a view to providing high-quality and affordable EMS services worldwide. The members form the General Assembly, which meets annually and elects the EMS Cooperative Board, which meets four times per year. According to the EMS Cooperative Statutes, members pay an annual membership fee based on EMS traffic.
- The Telematics Cooperative is a voluntary cooperative established by the POC in line with Seoul Congress resolution C 27/1994 and confirmed by Beijing Congress resolution C 52/1999. The Cooperative consists of members that are public, semi-public or private postal operators whose countries are members of the Union. The Cooperative promotes cooperation among members with a view to developing and implementing common or compatible information systems and electronic communications. The members form the General Assembly, which meets annually and elects the Telematics Cooperative Management Board. Members pay an annual membership fee based on membership class, as established by the Statutes and Principles of Operation of the Telematics Cooperative. The Cooperative also collects charges for the services that it provides. All products, services and documents financed by the Cooperative, including intellectual property rights, become Union property.
- The Quality of Service Fund (QSF) is a trust established by Congress to help countries improve the quality of the universal postal service. The QSF is governed by a Deed of Trust adopted by the POC. The POC appoints the members of the QSF Board for a three-year renewable term. The Board approves QSF-financed projects and manages QSF investments. The QSF is financed from income from investments, annual contributions paid by contributing countries, and voluntary contributions from contributing countries and governments. Funds are held on behalf of creditor countries, which may submit proposals for projects to improve the quality of the postal service. In the event of dissolution of the QSF, the balances, after repayment of contributing countries' assets, shall be paid into the UPU technical cooperation accounts for assignment to projects aimed at improving the quality of the international postal service.

Note 2 – Significant accounting policies

Basis of preparation

These financial statements have been prepared on an accrual and going concern basis, and the accounting policies have been applied consistently throughout the period. They are prepared in accordance with IPSAS.

Controlled entities

The entities controlled by the UPU are fully consolidated from the date of obtaining control. The UPU controls an entity when it is exposed to, or has rights in respect of, variable profits stemming from its involvement in the entity, and when it is in a position to influence these profits by virtue of the power that it exercises over the entity.

Transactions eliminated during consolidation

All transactions and balances, along with unrealized gains and losses internal to the UPU and the controlled entities, are eliminated during consolidation. Revenue, expenses, assets and liabilities thus show the net situation of all inter-entity activities.

Cash, cash equivalents and investments

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term, highly liquid investments which are readily convertible to cash and subject to insignificant risk of changes in market value. Investments include short-term deposits with a maturity period of less than one year, as well as bonds held in United States dollars, primarily held by an investment manager.

In accordance with the requirements of IPSAS 41, cash, cash equivalents and investments are adjusted each reporting date to reflect the credit loss expected over the lifetime, calculated on the basis of the weighted

average long-term default rate based on the credit rating of the banking institutions where the cash and cash equivalents are held.

Employee benefits

Provisions are established for the liabilities of the Provident Scheme and after-service health insurance (ASHI), both of which are considered defined benefit plans, as well as long-term separation benefits payable (repatriation grants, travel and shipping), as determined by an independent actuary on an annual basis using the projected unit cost method. In addition, provisions are established for the value of accumulated leave and overtime earned but unpaid at the reporting date.

Expense recognition

Expenses are recognized as goods received, travel taken and services delivered.

Financial instruments

A financial instrument is recognized when the Union agrees to the contractual conditions of the instrument, until the expiry of the right to receive the cash corresponding to this financial asset from another entity or of the obligation to provide cash to another entity to fulfil a financial commitment.

The Union classifies its financial assets at the amortized cost based on its management model and the characteristics of the contractual cash flows of the financial assets. The financial assets are initially recognized at the cost on the transaction date.

Investments are non-derivative financial assets deemed as held for trading and assessed at fair value through profit or loss, or as held to maturity and assessed at amortized cost. Cash and cash equivalents are short-term financial assets and are stated at their nominal value at the reporting date.

Unconditional receivables are non-derivative financial assets for which payment is fixed or determinable and which are not listed on an active market. They include set contributions and other amounts receivable in cash. Short-term receivables are stated at nominal value.

In accordance with the prospective depreciation model, the Union values the expected credit losses associated with its financial assets as the current value of the difference between the contractual cash flows and the cash flows that it expects to receive. The expected cash flow incorporates reasonable and justifiable information available at no cost or without undue effort at the reporting date. The carrying value of the asset is deducted from the impairment loss over the lifetime, which is recognized in the statement of financial performance. If the impairment loss decreases in a subsequent period, the impairment loss previously recognized is restated in the statement of financial performance.

Accounts payable and loans are non-derivative financial liabilities for which payments are fixed and payable in cash and which are not listed on an active market. As they are short-term liabilities, accounts payable are stated at nominal value.

Foreign currency transactions

The functional currency of the UPU, and the currency of reporting for these financial statements, is the Swiss franc. All transactions in other currencies have been converted into Swiss francs using the official UN exchange rates in effect on the date of the transactions. Both realized and unrealized gains and losses resulting from the settlement of such transactions, and from the conversion (on the reporting date) of liabilities and net assets denominated in currencies other than the Swiss franc, are recognized on the statement of financial performance.

The functional reporting currency for the QSF, international reply coupons (IRCs) and UPU*Clearing is the United States dollar. Differences resulting from the conversion (from USD into CHF) of the balance sheet of these entities are recognized directly in the net assets.

Exchange rates used:

1 CHF	USD	EUR
31 December 2023	1.198	1.079
31 December 2022	1.083	1.017

Fixed assets

Equipment is valued at cost less accumulated depreciation and impairment. Gains and losses on disposal of an asset are determined by comparing the proceeds with the carrying amount and are included on the statement of financial performance.

Occupied buildings are valued at the cost of construction when new, plus the cost of subsequent improvements as determined by an independent expert at 1 January 2010, less accumulated depreciation. Values were determined by an independent external consultant, based on the values of each component at construction, plus improvements existing at the initial recognition date of 1 January 2010 and less accumulated depreciation based on the remaining useful life of each component. Subsequent costs of major renovations and improvements to fixed assets that increase or extend the future economic benefits or service potential are valued at cost.

Heritage assets, including donated works of art, are not valued in the financial statements.

Depreciation is charged so as to write off the full cost of fixed assets, other than land and properties under construction, over their estimated useful lives. This is performed on a straight-line basis, as follows:

Category		Estimated useful life (years)
Equipment	Computer equipment, including screens	4 or 5
	Printers	3 to 5
	Portable computers and servers	3
	Network switches	7
	Other equipment	10
	Office furnishings other than chairs	10
	Chairs	5
	Security and safety equipment	5
	Telephones and fax machines	5
	Central telecommunication equipment	7
	Mobile telephones	2
	Audiovisual equipment	5
	Motor vehicles	8
Other equipment	5 to 10	
Buildings	Structure	100
	Facade	50
	Roof	60
	Floors, walls and stairways	50
	Flooring, wall coverings	40
	Forecourt	40
	Trees and plants	20
	Kitchen equipment	40

<i>Category</i>		<i>Estimated useful life (years)</i>
Buildings (cont.)	Conference rooms	40
	Heating and ventilation	30
	Sanitary facilities	40
	Electrical installations	50
	Lifts	40

The carrying values of fixed assets are reviewed for impairment if events or changes in circumstances indicate that the book value of the asset may not be recoverable. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Any impairment is included on the statement of financial performance.

Inventories

Inventories include the postage stamps (valued at face value) held by the Union for operations, souvenirs held for sale (valued at cost or fair value, whichever is lower), and IRCs held in stock (valued at the cost of production). The inventory of completed publications is considered immaterial, and costs relating to the production of publications are put to account when incurred. The fuel used for heating the headquarters building is considered an administrative cost and is put to account when acquired.

Intangible assets

The Union capitalizes purchases of computer software from 5,000 CHF upwards. The costs of software and the services of consultants tasked with implementing systems are capitalized and amortized over a useful life of five years. The costs related to internal software development are recognized as expenses when incurred.

Net assets

Net assets include the unrestricted accumulated surplus and deficit of the Union, reserves established by the Union's governing body, accumulated fund balances of other entities forming part of the Union (IRC, Voluntary Fund and UPU*Clearing) and accumulated fund balances of entities controlled by the Union which form part of the consolidated financial statements (Telematics Cooperative, EMS Cooperative and QSF). The accumulated fund balance of other entities and controlled entities is primarily dedicated to specific activities. Funds of the translation services do not form part of net assets and have not been consolidated into the financial statements.

Provisions

Provisions are recognized when the Union has a legal or constructive obligation as a result of a past event, where it is probable that an outflow of resources will be required to settle the obligation, and where a reliable estimate of the amount of the obligation can be made.

Receivables

Receivables are valued using the amortized cost method. A valuation adjustment for non-recoverable receivables is established in accordance with the expected credit loss model required under IPSAS 41, calculated in particular on the basis of the average collection rate for receivables and contributions. Interest of 5% is charged on any unpaid balance over three months past due.

Any member country unable to make an assignment which does not agree to submit to an amortization schedule or which does not comply with such a schedule will automatically lose its right to vote at Congress and at meetings of the CA and POC and will no longer be eligible for membership of those two councils.

On 1 July 2022, new provisions of article 147 of the General Regulations came into force. These provide that Congress or the CA may decide to release member countries from their debts in arrears and immediately lift automatic sanctions, subject to payment of at least half the total amount of the debts, or the last five years' mandatory contributions.

Congress or the CA may also decide, in the case of the least developed countries or small island developing states, that the "last five years of mandatory contributions" may be calculated on the basis of the current contribution class to which the member country belongs, in which case the relevant current contribution class will be multiplied by five.

The amounts released under these exceptional payment arrangements are not cancelled, but are set aside and fully provisioned in accordance with IPSAS 41. Should automatic sanctions again be imposed on the member countries concerned, the amounts set aside will again be recorded as debts in arrears, in accordance with the new provisions of article 147 of the General Regulations.

Revenue recognition

Revenue from exchange transactions, such as the sale of services, is recognized at the time a service covered by a fee has been provided. Revenue from publications is recognized upon full delivery of the goods.

Revenue from non-exchange transactions, such as voluntary contributions, is recognized on receipt of funds in the absence of conditions of use, or when expenses are incurred in the presence of conditions of use indicated by the donor or of the risk of reimbursement of unused funds. In the latter case, the unused funds at 31 December are presented in the accounts as deferred revenue.

Statutory contributions are recognized as revenue at the beginning of the financial period to which they relate. Revenue from contributions to the cooperatives is recognized at the beginning of the year to which it relates.

Segment reporting

Segment reporting is based upon the major programmes and entities that form part of or are administered by the Union, as follows:

- Union budget, including the Social Fund, Reserve Fund, Special Activities Fund and Building Maintenance Fund.
- Voluntary Fund and development cooperation, including all voluntary funds and funds for development and technical cooperation.
- IRC fund, established to record revenue from the sale of coupons and related expenses.
- Telematics Cooperative.
- EMS Cooperative.
- UPU*Clearing.
- QSF.

Each segment includes assets, liabilities, revenue, expenses and net assets. The general administrative costs of the Union, including the occupancy of the headquarters building in Berne, are included in the Union segment. They are not allocated to other segments, as there is no available reasonable basis for reallocation of costs to other entities. In the consolidation, contributions made by the Union to the Telematics Cooperative and charges for services provided by the Telematics Cooperative to the Union, are eliminated.

Use of estimates

The financial statements necessarily include amounts based on estimates and management assumptions. Estimates include, but are not limited to, defined benefit medical insurance; Provident Scheme and other post-employment benefit obligations, the value of which is calculated by an independent actuary; amounts for litigation; financial risk on accounts receivable, and the degree of impairment of fixed assets. Actual results could differ from these estimates. Changes in estimates are reflected on the statement of financial performance for the period in which they become known.

IPSAS implementation

All standards in force have been applied as of the date of the financial statements. On 1 January 2023, the Union implemented IPSAS 41 (Financial instruments). The changes resulting from the adoption of this standard were recognized on that date, which meant that there was no need to restate the comparative figures. In

addition, IPSAS 42 (Social benefits) went into force on 1 January 2023. No social benefits, however, are currently applicable to the Union. This standard will therefore have no impact on the UPU financial statements.

Furthermore, the IPSAS Board has published the following new standards:

IPSAS	Name	Date of entry into force
IPSAS 43	Leases	1 January 2025
IPSAS 44	Non-current assets held for sale and discontinued operations	1 January 2025
IPSAS 45	Property, plant and equipment	1 January 2025
IPSAS 46	Measurement	1 January 2025
IPSAS 47	Revenue	1 January 2026
IPSAS 48	Transfer expenses	1 January 2026
IPSAS 49	Retirement benefit plans	1 January 2026

The UPU has not yet begun studying the potential impacts of these new standards on the UPU financial statements.

Restating of 2022 accounts

In 2023, the financial statements were reclassified. For comparative purposes, the comparative figures were restated.

The contributions of the Consultative Committee, .POST Group and Postal Payment Services User Group (PPSUG) were restated from "Voluntary contributions" to "Other annual contributions" in the amount of 551,731 CHF (statement 2, notes 19 and 26).

The expenses associated with travel, IT services and consultants, consultants, server hosting and projects were restated in the following amounts: 129,435 CHF, 3,846 CHF, 60,465 CHF, 27,375 CHF and 158,679 CHF, respectively (statement 2, notes 20 and 26), under the headings "Travel", "Consultants and external contracts" and "Project expenses".

The voluntary funds for the collective mark and .Post, previously classified as differed revenue, were restated as "own funds" in the amount of 323,661 CHF (statements 1 and 3, notes 13, 16 and 26).

The revenue associated with UPU*Clearing (other contributions) and EMS (services invoiced in advance), which was previously classified as deferred income, was restated under "Advances" in the amounts of 244,386 CHF (UPU*Clearing) and 115,423 CHF (EMS) (statement 1, notes 13 and 26).

Changes to accounting method

On 1 January 2023, the Union implemented IPSAS 41 (Financial instruments). The changes resulting from the adoption of this standard were recognized on that date, which meant that there was no need to restate the comparative figures. Consequently, the financial assets and liabilities at 31 December 2022 presented in these financial statements were recognized according to the accounting methods indicated in the UPU financial statements for 2022.

In accordance with the requirements of IPSAS 41, the reserve for loss of value on doubtful debts was replaced by a reserve calculated on the basis of the model for the expected credit loss over the lifetime. Consequently, the expected credit loss was calculated on the basis of an annual average of the total amount of arrears of contributions as a percentage of the total contributions billed for the last five years. As the contributions set aside in accordance with article 147 of the General Regulations are not expected to be collected, these receivables are fully provisioned.

The change in methodology used to calculate this provision in accordance with IPSAS 41 has led to a net decrease in accounts receivable in the amount of 3,561,768 CHF. The estimated expected credit loss in respect of the cash, cash equivalents and investments is deemed negligible.

The table below analyzes the impact of the transition to IPSAS 41 on the Union's financial assets and liabilities and reconciles the carrying values of their previous measurement category (under IPSAS 29) in the UPU financial statements for 2022 with the new measurement categories resulting from the transition to IPSAS 41 on 1 January 2023.

Reconciliation of the statement of financial position balances

	IPSAS 29 measurement category	Net carrying value at 31 December 2022	IPSAS 41 measurement category	Remeasurement	Net carrying value at 31 December 2023
Cash and cash equivalents	Amortized cost	33,558,447	Amortized cost	–	33,558,447
Investments	Amortized cost	140,913,900	Amortized cost	–	140,913,900
Accounts receivable – non-exchange transactions	Amortized cost	40,168,583	Amortized cost	-3,561,768	36,606,815
Accounts receivable – exchange transactions	Amortized cost	32,797,945	Amortized cost	–	32,797,945
Accounts payable and accrued liabilities	Amortized cost	33,707,815	Amortized cost	–	33,707,815

The table below analyzes the impact of the transition to IPSAS 41 on the Union's net assets at 1 January 2023:

Accumulated surplus (deficit)	Balance at 31 December 2022	Impact on net assets	Balance at 1 January 2023
Opening balance brought forward	-86,710,337	–	-86,710,337
Remeasurement of assets	–	-3,561,768	-3,561,768
Total net assets	-86,710,337	-3,561,768	-90,272,105

The table below reconciles the previous financial year's provision for losses with the new provision for expected credit losses, measured in accordance with IPSAS 41 at 1 January 2023:

Provision for credit losses	Provision 31 December 2022	Expected credit loss over a year	Expected credit loss over the lifetime at 1 January 2023	Total expected credit loss at 1 January 2023
Cash and investments	–	–	–	–
Accounts receivable – non-exchange transactions	35,138,106	–	3,561,768	38,699,874
Accounts receivable – exchange transactions	1,125,500	–	–	1,125,500
Accounts payable and accrued expenses	–	–	–	–
Total	36,263,606	–	3,561,768	39,825,374

Note 3 – Cash and cash equivalents (in CHF)

	2023	2022
<i>Current assets</i>		
Petty cash	25,260	26,509
<i>Bank accounts</i>		
Credit Suisse (Suisse) SA	7,138,553	7,400,404
UBS Switzerland AG	1,649,847	1,129,910
PostFinance SA	3,916,832	7,057,083
<i>Subtotal bank accounts</i>	<i>12,705,232</i>	<i>15,587,397</i>
<i>Sight deposits</i>		
Credit Suisse (Suisse) SA	21,936,675	17,944,541
<i>Subtotal sight deposits</i>	<i>21,936,675</i>	<i>17,944,541</i>
Total cash	34,667,167	33,558,447

Cash deposits are generally held in instant-access bank accounts and interest-bearing accounts (call account, cash deposit account). In 2023, the average rate of interest earned on bank accounts and investments held by the Union was 1.6096% (0.1088% in 2022).

IRC and QSF funds are held primarily in US dollars (the reporting currency). UPU*Clearing funds are held primarily in US dollars or euros, which are the currencies in which settlements are made through the system.

The total amounts held, broken down by currency, are as follows:

	2023	Percentage	2022	Percentage
CHF	15,616,259	45.05%	16,874,794	50.30%
USD	14,892,521	42.96%	14,287,046	42.60%
EUR	4,158,386	12.00%	2,396,605	7.10%
Total	34,667,167	100.00%	33,558,445	100.00%

Funds available in the short term, cash and investments for a period of less than one year (see note 7) stood at 35,325,143 CHF, against 32,025,408 CHF in 2022. The UPU limits the amounts in non-interest-bearing current accounts. The balance represents cash held on behalf of other entities and controlled entities included in the consolidated financial statements. The exact amount of the cash held by each entity is shown on the statement of financial position by segment (following note 26).

The Union minimizes its credit risk by holding most of its funds in banks with high S&P credit ratings. UBS and Credit Suisse are rated A+ and PostFinance is rated AA.

Note 4 – Accounts receivable (in CHF)

	31 December 2023	31 December 2022
<i>Current receivables – non-exchange transactions</i>		
Statutory contributions receivable	18,476,888	22,907,229
USPS contribution – Provident Scheme and postal security	8,000,000	8,000,000
Technical cooperation funds receivable	1,164,506	306,056
QSF funds receivable	298,838	752,524
EMS Cooperative contributions receivable	13,720	8,332
Telematics Cooperative contributions receivable	74,154	145,862
<i>Total receivables – non-exchange transactions</i>	<i>28,028,106</i>	<i>32,120,003</i>

	31 December 2023	31 December 2022
<i>Current receivables – exchange transactions</i>		
Union receivables	–	49,445
PPSUG contributions receivable	40,878	5,688
UPU*Clearing receivables	7,763,663	29,379,672
Voluntary Fund receivables	567,649	355,233
IRC receivables	–	15,667
Telematics Cooperative receivables	2,891,415	2,992,240
<i>Total receivables – exchange transactions</i>	<i>11,263,606</i>	<i>32,797,945</i>
Total current receivables	39,291,712	64,917,948
<i>Non-current receivables – non-exchange transactions</i>		
Statutory contributions receivable	–	48,580
USPS contribution 2024 – Provident Scheme and postal security	–	8,000,000
Total non-current receivables	–	8,048,580
Total receivables	39,291,712	72,966,528

Statutory contributions represent the total amount assessed for financing the budget, as well as arrears from prior financial periods. The value of a contributory unit is fixed in Swiss francs in accordance with the yearly budget adopted by the CA. The amount receivable includes interest charged in accordance with the UPU General Regulations.

Technical cooperation and voluntary funds receivable represent amounts based on invoices, signed agreements with donors or pledges considered firm in the light of prior experience with donors. Telematics Cooperative and EMS Cooperative receivables represent amounts due in connection with annual membership contributions and the sale of goods and services in accordance with the statutes of those bodies, as adopted by the POC.

Accounts receivable also include the funds to be received from the United States Postal Service (USPS) by virtue of the UPU Constitution, as approved by the Extraordinary Congress in Geneva in 2019.

In accordance with the specific agreement signed in 2020, USPS will pay 40 million CHF over five years, of which 16 million CHF will be paid into a tied fund for the implementation of projects relating to electronic advance data exchange and postal security, and 24 million will be used to cover liabilities relating to the UPU Provident Scheme.

In 2023, USPS paid the fourth tranche of 8 million CHF, of which, in accordance with its instructions, 4,469,550 CHF was paid into the Provident Scheme and 3,530,450 CHF was paid into the tied fund (see note 19).

The UPU*Clearing system acts as a payment intermediary. The amounts receivable have not been offset against the amounts payable to creditor countries, which are reflected as a liability (accounts payable).

The ageing analysis of receivables is presented below:

Type of receivable (in CHF)	Total receivables	Provisions for credit losses	Total accounts receivable (net)
Union receivables	49,583,460	-31,106,572	18,476,888
Union receivables set aside	9,849,572	-9,849,572	0
Telematics Cooperative receivables	3,248,579	-283,010	2,965,569
EMS Cooperative receivables	23,070	-9,349	13,720
PPSUG receivables	40,878	0	40,878

Type of receivable (in CHF)	Total receivables	Provisions for credit losses	Total accounts receivable (net)
Voluntary Fund receivables	1,977,068	-244,913	1,732,155
QSF receivables	362,861	-64,023	298,838
UPU*Clearing receivables	7,763,663	–	7,763,663
Total	72,849,152	-41,557,440	31,291,712
USPS contribution 2024 – Provident Scheme and postal security	–	–	8,000,000
Total including receivables not yet due	–	–	39,291,712

	31 December 2022 (in CHF)	Remeasurement (IPSAS 41)	Increase	Decrease	31 December 2023 (in CHF)
<i>Provisions</i>					
<i>Non-exchange transactions</i>					
Statutory contributions	28,561,400	3,561,768	–	1,202,039	30,921,129
Statutory contributions set aside	6,368,688	–	3,480,884	–	9,849,572
Voluntary Fund	41,316	–	9,876	–	51,192
Telematics Cooperative	75,690	–	–	14,994	60,696
EMS Cooperative	14,801	–	–	5,451	9,349
QSF funds	76,212	–	–	12,188	64,023
Subtotal non-exchange transactions	35,138,106	3,561,768	3,490,760	1,234,672	40,955,962
<i>Exchange transactions</i>					
Union	175,910	–	9,532	–	185,443
Telematics Cooperative	339,784	–	–	117,469	222,315
PPSUG	416,971	–	–	416,971	–
Voluntary Fund	192,835	–	886	–	193,721
Subtotal exchange transactions	1,125,500	–	10,418	534,440	601,478
Total provision	36,263,606	3,561,768	3,501,178	1,769,112	41,557,440

Note 5 – Inventories (in CHF)

	2023	2022
<i>Inventories</i>		
Stock of postage stamps and UPU souvenirs	41,219	47,803
Stock of barcodes	39,484	40,056
Stock of IRCs	24,606	30,126
Total inventories	105,309	117,985

Postage stamps, taken at face value, represent on-hand stock utilized in operations. UPU souvenirs represent items held for resale valued at cost, impaired to reflect damage or out-of-date items. Barcodes are held in a separate fund, for resale to postal services for mailing label purposes. IRCs, which are valued at the cost of production, represent coupons held in stock at the reporting date. A perpetual inventory is maintained for all items, and physical counts are taken at least once per year to verify inventory balances. The value of barcodes and IRCs withdrawn from sale is written off during the year in which they become obsolete. The value of UPU souvenirs, if damaged or obsolete, is reduced to reflect net realizable value. No inventories are pledged as security for liabilities.

Note 6 – Other assets (in CHF)

	2023	2022
<i>Other current assets</i>		
Prepaid expenses and deferred charges	2,347,429	1,931,886
Staff advances	365,462	437,696
UNDP accounts receivable	762,939	287,210
Other advances	33,420	18,021
Tax advances	766,875	178,476
Total other current assets	4,276,125	2,853,290
<i>Other non-current assets</i>		
Staff advances (Social Fund)	22,250	22,188
Total other assets	4,298,375	2,875,478

Other assets comprise various prepaid expenses and advances.

Staff advances represent the value of salary advances, Social Fund loans and education grants.

Other advances correspond to mission advances for consultants, advances for interpreters and the advance for the franking machine in the mailroom, as well as advances in respect of the United Nations Development Programme (UNDP), which acts as paying agency and advances the funds for the procurement of equipment for UPU member countries.

Regarding the tax advances, the values include the withholding tax in Swiss francs and US dollars, VAT, stamp duty to be recovered, and US tax advances paid to staff pending receipt of reimbursement by the US government. The amount for tax advances is presented as a net value.

Note 7 – Investments (in CHF)

	2023	2022
<i>Current investments</i>		
Deposits	53,718,500	54,411,900
Bonds under one year	71,227,088	14,125,421
Subtotal	124,945,588	68,537,321
<i>Non-current investments</i>		
Deposits and bonds over one year	–	72,376,579
Total investments	124,945,588	140,913,900

Funds are placed in deposits for periods ranging from four to 12 months. The portion of these investments maturing in 2024 is presented under current investments.

QSF funds not required for immediate use are managed by an external fund manager and invested in bonds in US dollars. At the reporting date, the value of these bonds was 71,227,088 CHF, which matured in 2024.

These investments are broken down by entity in the statement of financial position following note 26.

All bonds are rated A to AAA, based on the Fitch or S&P ratings at 31 December 2023. Deposits held at UBS and Credit Suisse are rated A+.

Note 8 – Equipment (in CHF)

All equipment in the inventory is valued at acquisition cost less depreciation, based upon the straight-line methodology. Furniture and fixtures (except chairs) are depreciated over a useful life of 10 years. All other equipment, including chairs, is depreciated over a useful life of five years. Heritage assets, including donated works of art and stamp collections, are not recognized as assets on the statement of financial position.

“Work in progress” relates to equipment purchased within the framework of the Extraordinary Congress in Riyadh, for remote meetings, interpreting and the voting system. This equipment was financed by Saudi Arabia (see note 13).

	<i>IT equipment</i>	<i>Other equipment</i>	<i>Work in progress</i>	<i>Total</i>
Cost at 1 January 2022	4,650,484	2,056,503	–	6,706,987
Additions	89,284	64,920	–	154,204
Disposals	–	–	–	–
Cost at 31 December 2022	4,739,768	2,121,423	–	6,861,190
Exchange difference	–	–	–	–
Net	4,739,768	2,121,423	–	6,861,190
Net cost at 31 December 2022	4,739,768	2,121,423	–	6,861,190
Additions	944,203	79,282	1,299,870	2,323,354
Disposals	–	–	–	–
Cost at 31 December 2023	5,683,970	2,200,704	1,299,870	9,184,544
Exchange difference	–	-14,458	–	-14,458
Net cost at 31 December 2023	5,683,970	2,186,246	1,299,870	9,170,086
Accumulated depreciation at 1 January 2022	4,392,182	1,813,039	–	6,205,221
Depreciation 2022	138,463	101,014	–	239,477
Disposals	–	–	–	–
Exchange difference	–	996	–	996
Accumulated depreciation at 31 December 2022	4,530,645	1,915,049	–	6,445,694
Depreciation 2023	324,695	82,312	–	407,007
Disposals	–	–	–	–
Exchange difference	–	-12,668	–	-12,668
Accumulated depreciation at 31 December 2023	4,855,339	1,984,694	–	6,840,033
Net carrying value at 31 December 2022	209,123	206,374	–	415,497
Net carrying value at 31 December 2023	828,631	201,552	1,299,870	2,330,053

Note 9 – Intangible assets (in CHF)

	<i>Intangible assets</i>	<i>Work in progress</i>	<i>Total</i>
Cost at 1 January 2022	2,204,710	154,125	2,358,835
Transfers	–	–	–
Additions	23,531	224,207	247,738
Cost at 31 December 2022	2,228,242	378,332	2,606,574
Transfers	378,332	-378,332	–
Additions	37,798	–	37,798
Cost at 31 December 2023	2,644,371	–	2,644,371
Accumulated depreciation at 1 January 2022	1,473,020	–	1,473,020
Depreciation 2022	236,565	–	236,565
Accumulated depreciation at 31 December 2022	1,709,585	–	1,709,585
Depreciation 2023	151,327	–	151,327
Depreciation 2023	77,340	–	77,340
Accumulated depreciation at 31 December 2023	1,938,251	–	1,938,251
Net carrying value at 31 December 2022	518,657	378,332	896,989
Net carrying value at 31 December 2023	706,120	–	706,120

The costs of contractor services and software acquisition are capitalized over a useful life of five years. The work in progress for 2022, in the amount of 378,332 CHF, relates to amounts invested in contract management projects and the renewal of the Pegasus system. These amounts have been included in the fixed assets and will begin to be amortized in 2024.

Note 10 – Land and buildings (in CHF)

	<i>Building</i>	<i>Non-refundable grants</i>	<i>Total</i>
Cost at 1 January 2021	35,230,564	-993,403	34,237,161
Additions	–	–	–
Transfer	–	–	–
Cost at 31 December 2021	35,230,564	-993,403	34,237,161
Additions	–	–	–
Transfer	–	–	–
Cost at 31 December 2022	35,230,564	-993,403	34,237,161
Additions	–	–	–
Transfer	–	–	–
Cost at 31 December 2023	35,230,564	–	–
Accumulated depreciation at 1 January 2021	12,564,587	-202,478	12,362,108
Depreciation 2021	904,126	-22,316	881,809
Accumulated depreciation at 31 December 2021	13,468,712	-224,795	13,243,917

	<i>Building</i>	<i>Non-refundable grants</i>	<i>Total</i>
Depreciation 2022	904,126	-22,316	881,809
Accumulated depreciation at 31 December 2022	14,372,838	-247,111	14,125,727
Depreciation 2023	904,126	-22,316	881,809
Accumulated depreciation at 31 December 2023	15,276,963	-269,427	15,007,536
Net carrying value at 31 December 2022	20,857,726	-746,293	20,111,433
Net carrying value at 31 December 2023	19,953,601	-723,976	19,229,625

The Union's headquarters building, constructed between 1968 and 1970, is located at Weltpoststrasse 4, Berne, Switzerland. Extensive renovations, including improvements to the facade and renovation of the conference block, were undertaken between 2010 and 2014.

An independent valuation of the building has been carried out by external consultants. This represents the building's estimated value when new (deemed cost of construction) and includes the estimated value of renovations and major repairs made since original occupancy, less accumulated depreciation up to 1 January 2010. The opening balance at 1 January 2011 includes depreciation up to the end of 2010, as determined by the independent valuation.

The building is located on land used according to rights donated by the City of Berne. The land use rights were acquired at no cost and expire on 1 April 2067. As the Union does not have the right to dispose of the land rights, which revert to the City of Berne unless renewed, no value has been recognized. In 1970, the City of Berne provided the Union with a non-refundable grant of 1 million CHF to assist in the construction of the headquarters. The grant has been amortized over the remaining useful life of 40 years, based on the useful life of each of the components of the building.

The non-refundable grants were paid by the City and Canton of Berne.

Note 11 – Accounts payable and accrued expenses

Accounts payable comprise unsettled invoices received from suppliers, including the revaluation of invoices payable in currencies other than the Swiss franc (values in CHF).

	<i>31 December 2023</i>	<i>31 December 2022</i>
IRC creditors	3,276	216,638
UPU*Clearing creditors	7,763,663	29,379,672
QSF creditors	774,109	2,048,397
Embassy of Finland	6,300	4,200
Embassy of the Dominican Republic	2,100	2,100
Embassy of Belgium	7,667	7,667
UNHCR	13,333	9,333
Other accounts payable and accrued expenses	2,822,625	2,039,808
Total accounts payable and accrued expenses	11,393,073	33,707,815

Note 12 – Employee benefits

Employee benefits comprise the following:

- Short-term employee benefits, including salary and other allowances, assignment grants, education grants for dependent children, paid annual leave, paid sick leave, and medical and accident insurance;
- Post-employment benefits, including separation benefits (repatriation grants, repatriation travel and shipment of personal effects), disability benefits, survivor's insurance, supplementary benefits for elected officials and death benefits;
- Benefits under defined benefit plans, including the Provident Scheme and after-service health insurance (ASHI);
- Termination benefits, including an indemnity payable to staff members holding permanent or fixed-term contracts whose appointment is terminated by the Union prior to the end of their contract.

With effect from 1 January 2011, the Union recognizes liability for employee benefits on its financial statements, as follows (in CHF):

	<i>31 December 2023</i>	<i>31 December 2022</i>
<i>Current liabilities</i>		
Annual leave	2,324,679	2,774,502
Overtime	83,783	89,060
Settling-in grants	88,012	88,012
Subtotal current liabilities	2,496,474	2,951,574
<i>Non-current liabilities</i>		
Repatriation – removal and travel	814,723	778,110
Repatriation grant	1,442,670	1,466,555
After-service health insurance	37,459,134	28,621,477
Death benefits	63,973	65,164
<i>Subtotal</i>	<i>39,780,501</i>	<i>30,931,307</i>
Provident Scheme and pension fund	142,190,151	106,395,876
Elected official complementary allowance	1,402,596	1,388,313
Cost-of-living allowance	131,137	136,236
<i>Subtotal Provident Scheme</i>	<i>143,723,885</i>	<i>107,920,426</i>
Subtotal non-current liabilities	183,504,386	138,851,733
Total employee benefits	186,000,860	141,803,306

Defined benefit plans: The Union operates two defined benefit plans providing pension and ASHI benefits, as follows:

Provident Scheme

The Provident Scheme of the UPU provides retirement, death and disability benefits for the staff of the UPU International Bureau and the staff of the Translation Services (who are employed on the same basis as other International Bureau staff). The Scheme is organized as a foundation within the meaning of articles 80 et seq. of the Swiss Civil Code, and comes under the supervision of the Berne Supervisory Authority for Foundations and Provident Institutions. It is audited by the External Auditor appointed by the Government of the Swiss Confederation. The Scheme's administration costs incurred by the IB secretariat are borne by the Union. The costs of remunerating the actuary and investing funds in connection with the Scheme are borne by the Scheme itself.

The Provident Scheme consists of a Provident Fund and a Pension Fund, administered by a Management Board consisting of the Chair of the CA, the Director General of the International Bureau, and a staff member designated by the active participants. The Pension Fund is a closed fund providing benefits to those persons who were members of the Provident Scheme at 31 December 1963. The last person receiving a retirement benefit from the Pension Fund died in 2022. This means that all retirees and insured staff members are now covered under the rules of the Provident Fund.

Both staff members and the UPU make contributions. The contributions of staff members vary according to the period of contributory service. The UPU contribution is double that of the participant. The UPU is responsible for any unfunded liability.

After-service health insurance

The Union has a contractual obligation to provide after-service medical benefits to its staff members in the form of insurance premiums for the medical and accident insurance plan. The present value of the defined benefit obligations for this insurance is determined using the projected unit cost method, including discounting the estimated future cash outflows using a discount rate based upon high-grade corporate bonds both in Swiss francs and Swiss Government bonds. The plan is unfunded and no assets are held in a long-term employee benefits fund.

Retired staff members and their spouses, dependent children and survivors are eligible for ASHI coverage after separation from service. In accordance with the Union's Staff Regulations and Rules, a share of 50% of the monthly medical insurance premium, including coverage for spouses and dependent children, is paid by the Union.

Actuarial information, asset classes and contributions to the Provident Scheme

- Actuarial valuations are prepared annually for the Provident Scheme and ASHI using the projected unit cost method.
- The discount rate used is 1.5%, based on the recommendation of the Swiss Chamber of Pension Fund Experts in relation to the duration of the portfolio. A rate of 1.5% is considered appropriate, given the recommended range for a duration of between 15 and 20 years.
- The expected rate of return on assets is 1.5%, in accordance with IPSAS 39. In this regard, it should be noted that IPSAS 39 no longer allows discrepancies between the expected return and the discount rate when determining pension costs. This explains why, henceforth, the expected returns and the proposed discount rate will be equal.
- Plan assets were invested in the following classes at 31 December 2023:
 - Liquid assets: 5.07%.
 - Bonds in Swiss francs: 20.16%.
 - Bonds in foreign currencies: 8.36%.
 - Shares in Swiss francs: 24.64%.
 - Shares in foreign currencies: 23.29%.
 - Real estate: 17.89%.
 - Loans: 0.59%.
- The employer's contributions totalled 15,499,000 CHF in 2023 (including its contributions in respect of the translation services in the amount of 217,000 CHF). This includes a payment of 3,723,500 CHF in Union guarantees and the fourth payment from USPS in the amount of 4,469,550 CHF. The amount of contributions for 2024 is forecast to be around 14,074,000 CHF (including the employer's contributions in respect of the translation services in the amount of 217,000 CHF), which includes guarantees worth 3,723,500 CHF and the balance of the additional sum from USPS, estimated at 3,011,480 CHF.

- The total liabilities for benefits covered by the two schemes, excluding the liabilities attributable to the translation services, are as follows:

	<i>31 December 2023</i> <i>Provident Scheme</i>	<i>31 December 2023</i> <i>After-service health insurance (ASHI)</i>
Discount rate	1.50%	1.50%
Expected return on plan assets	1.50%	–
Future salary increases	2.00%	2.00%
Future pension increases	0.25%	–
Medical costs inflation	–	1.70%
Probability of outflow	LPP 2020	LPP 2020
Mortality and invalidity	VZ 2020	VZ 2020
Expected average remaining working lives (in years)	16.70	17.15
Present value of obligation at 1 January 2023	368,857,487	28,621,477
Interest costs	8,085,890	630,159
Current service costs	7,887,860	848,129
Benefits paid (net of redemptions)	-15,847,169	-1,411,824
Actuarial loss (gain) on obligation	46,620,358	8,771,193
Value of obligation at 31 December 2023	415,604,426	37,459,134
Fair value of plan assets at 1 January 2023	260,937,061	–
Expected return on plan assets	5,815,343	–
Employer contributions	14,771,408	–
Employee contributions	3,250,924	–
Benefits paid	-19,098,093	–
Actuarial gain (loss) on plan assets	6,203,899	–
Fair value of plan assets at 31 December 2023	271,880,542	–
<i>Amounts recognized on the statement of financial position</i>		
Present value of obligations at 31 December 2023	415,604,426	37,459,134
Fair value of plan assets at 31 December 2023	271,880,542	–
Liability recognized on the statement of financial position	143,723,884	37,459,134
<i>Amounts recognized on the statement of financial performance</i>		
Interest costs	8,085,890	630,159
Current service costs	7,887,860	848,129
Expected return on plan assets	-5,815,343	–
Amount recognized on the statement of financial performance	10,158,407	1,478,288

	31 December 2023 Provident Scheme	31 December 2023 After-service health insurance (ASHI)
<i>Amounts recognized in net assets</i>		
Actuarial gain (loss) on changes in demographic assumptions	-187,989	-89,313
Actuarial gain (loss) on changes in financial assumptions	-44,166,014	-4,158,680
Actuarial gain (loss) on experience	-2,266,355	-4,523,200
Actuarial gain (loss) on plan assets	6,203,899	–
Amount recognized in net assets	-40,416,459	-8,771,193

	31 December 2022 Provident Scheme	31 December 2022 After-service health insurance
Discount rate	2.25%	2.25%
Expected return on plan assets	2.25%	–
Future salary increases	2.00%	2.00%
Future pension increases	0.25%	–
Medical costs inflation	–	1.70%
Probability of outflow	LPP 2020	LPP 2020
Mortality and invalidity	VZ 2020	VZ 2020
Expected average remaining working lives (in years)	15.36	15.84
Present value of obligation at 1 January	477,514,857	42,052,863
Interest costs	1,637,888	145,179
Current service costs	13,571,225	1,546,678
Benefits paid (net of redemptions)	-13,914,829	-1,192,129
Actuarial loss (gain) on obligation	-109,951,654	-13,931,114
Value of obligation at 31 December 2022	368,857,487	28,621,477
Fair value of plan assets at 1 January 2022	297,391,053	–
Expected return on plan assets	1,032,029	–
Employer contributions	14,673,247	–
Employee contributions	3,241,524	–
Benefits paid	-17,156,353	–
Actuarial gain (loss) on plan assets	-38,244,439	–
Fair value of plan assets at 31 December 2022	260,937,061	–

	31 December 2022 Provident Scheme	31 December 2022 After-service health insurance
<i>Amounts recognized on the statement of financial position</i>		
Present value of obligations at 31 December 2022	368,857,487	28,621,477
Fair value of plan assets at 31 December 2022	260,937,061	–
Liability recognized on the statement of financial position	107,920,426	28,621,477
<i>Amounts recognized on the statement of financial performance</i>		
Interest costs	1,637,888	145,179
Current service costs	13,571,225	1,546,678
Expected return on plan assets	-1,032,029	–
Amount recognized on the statement of financial performance	14,177,084	1,691,857
<i>Amounts recognized in net assets</i>		
Actuarial gain (loss) on changes in demographic assumptions	–	–
Actuarial gain (loss) on changes in financial assumptions	115,248,530	15,360,528
Actuarial gain (loss) on experience	-5,296,876	-1,429,414
Actuarial gain (loss) on plan assets	-38,244,439	–
Amount recognized in net assets	71,707,215	13,931,114

In accordance with IPSAS 39, paragraph 147 (a), we measured the sensitivity of the present value of obligations and pension liabilities across a number of factors selected for their notable impact. In this case, we chose to measure the impact of a variation in the following:

- Discount rate;
- Future salary increase (on pension scheme only);
- Indexation of benefits (on pension scheme only);
- Longevity;
- Increase in health insurance premiums (on participation in the health insurance premiums only).

The sensitivity of benefit obligations and pension liabilities for 2023 is as follows:

Factor	Base value	Variation	Value of obligation at 31 December 2023	Impact in %	Service costs expected for 2024	Impact in %
Baseline	–	–	415,604,427	–	13,113,388	–
Discount rate	+1.50%	-0.50%	450,753,623	+8.46%	14,725,269	+12.29%
		+0.50%	384,730,492	-7.43%	11,738,116	-10.49%
Salary growth rate	+2.00%	-0.50%	408,515,714	-1.71%	12,474,197	-4.87%
		+0.50%	423,319,075	+1.86%	13,794,155	+5.19%

Factor	Base value	Variation	Value of obligation at 31 December 2023	Impact in %	Service costs expected for 2024	Impact in %
Pension adjustment	+0.25%	+0.50%	441,547,658	+6.24%	13,955,649	+6.42%
Longevity	VZ 2020 Gen	+ one year of life expectancy	430,279,964	+3.53%	13,456,823	+2.62%

The sensitivity of benefit obligations and pension liabilities for 2022 is as follows:

Factor	Base value	Variation	Value of obligation at 31 December 2022	Impact in %	Service costs expected for 2023	Impact in %
Baseline	–	–	368,857,487	–	11,138,784	–
Discount rate	+2.25%	-0.50%	397,348,659	+7.72%	12,367,143	+11.03%
		+0.50%	343,654,093	-6.83%	10,080,586	-9.50%
Salary growth rate	+2.00%	-0.50%	362,991,868	-1.59%	10,633,686	-4.53%
		+0.50%	375,248,230	+1.73%	11,661,573	+4.69%
Pension adjustment	+0.25%	+0.50%	389,975,698	+5.73%	11,775,052	+5.71%
Longevity	VZ 2020 Gen	+ one year of life expectancy	380,751,128	+3.22%	11,390,302	+2.26%

There is a high level of sensitivity to the discount rate, as well as to assumed pension adjustment.

The sensitivity of the obligation to participate in the health insurance premium in 2023 is as follows:

Factor	Base value	Variation	Value of obligation at 31 December 2023	Impact in %	Service costs expected for 2024	Impact in %
Baseline	–	–	37,459,134	–	1,217,700	–
Discount rate	+1.50%	-0.50%	40,719,519	+8.70%	1,393,310	+14.42%
		+0.50%	34,599,409	-7.63%	1,068,983	-12.21%
Future inflation of medical costs	+1.70%	-1.00%	32,182,076	-14.09%	944,778	-22.41%
		+1.00%	44,169,533	+17.91%	1,589,403	+30.53%
Longevity	VZ2020Gen	+ one year life expectancy	39,291,524	+4.89%	1,267,566	+4.10%

The sensitivity of the obligation to participate in the health insurance premium in 2022 is as follows:

Factor	Base value	Variation	Value of obligation at 31 December 2022	Impact in %	Service costs expected for 2023	Impact in %
Baseline	–	–	28,621,477	–	848,129	–
Discount rate	+2.25%	-0.50%	30,907,782	+7.99%	959,093	+13.08%
		+0.50%	26,600,642	-7.06%	753,227	-11.19%
Future inflation of medical costs	+1.70%	-1.00%	24,862,676	-13.13%	672,335	-20.73%
		+1.00%	33,337,533	+16.48%	1,083,460	+27.75%
Longevity	VZ2020Gen	+ one year of life expectancy	29,940,847	+4.61%	880,256	+3.79%

We can see that the impact of a one-point variation in the assumed inflation rate of medical costs is equivalent to roughly 18% of the present value of the obligation in relation to the contribution to health insurance premiums.

With the adoption of IPSAS 39 in 2018, the Union recognizes actuarial gains and losses related to the Provident Scheme and after-service health insurance directly in a separate section of its net assets. The accumulated amount at 31 December 2023 was 53,814,787 CHF (compared with 4,627,135 CHF at 31 December 2022).

Actuarial (gains) losses in net assets

After-service health insurance (ASHI)	2023	2022
Actuarial (gains) losses		
– on changes in financial assumptions	4,158,680	-15,360,528
– on changes in demographic assumptions	89,313	–
– on experience	4,523,200	1,429,414
Amount recognized in net assets	8,771,193	-13,931,114
Accumulated amount of actuarial (gains) losses in net assets	-13,723,679	-22,494,872

Provident Scheme	2023	2022
Actuarial (gains) losses		
– on changes in financial assumptions	44,166,014	-115,248,530
– on changes in demographic assumptions	187,989	–
– on experience	2,266,355	5,296,876
(Gain) loss on plan assets	-6,203,899	38,244,439
Amount recognized in net assets	40,416,459	-71,707,215
Accumulated amount of actuarial (gains) losses in net assets	67,538,466	27,122,007
Total accumulated amount (health insurance and Provident Scheme) in net assets	53,814,787	4,627,135

The organization has a contractual obligation to provide a number of post-employment benefits, including:

- Repatriation grants, repatriation travel and shipment of personal effects for internationally recruited staff members at the time of their separation from service;
- Death benefits providing supplemental allowances to staff members;
- Supplemental retirement benefits for elected officials (a guaranteed minimum level of retirement benefit for the Director General and Deputy Director General);
- Cost-of-living allowance.

On the basis of an actuarial valuation carried out by an independent actuary, these obligations at the reporting date were estimated as follows (in CHF):

	31 December 2023	31 December 2022
Repatriation – removal and travel	814,723	778,110
Repatriation grant	1,442,671	1,466,555
Death benefits	63,973	65,164
Elected official complementary allowance	1,402,596	1,388,313
Cost-of-living allowance	131,137	136,236
Total post-employment benefits	3,855,100	3,834,379

The organization has recognized liabilities for the following short-term benefits, the value of which is based upon the amount payable to each staff member at the reporting date:

- Annual leave: staff members are eligible for 30, and may accumulate up to 60, days of annual leave, of which 30 are payable on separation from service;
- Overtime: staff members are eligible to be paid in cash for overtime accrued after the expiry of a period established in the Staff Regulations and Rules;
- Settling-in grants: staff members are entitled to a grant when taking up their post, to compensate for the costs of moving to UPU headquarters.

	31 December 2023	31 December 2022
Annual leave	2,324,679	2,774,502
Overtime	83,783	89,060
Settling-in grants	88,012	88,012
Total short-term benefits	2,496,474	2,951,574

Note 13 – Deferred revenue and advances (in CHF)

	31 December 2023	31 December 2022
Available assets	4,970,930	5,051,013
PPSUG available assets and guarantees	361,743	700,626
UPU*Clearing User Group available assets and guarantees	2,105,381	2,601,945
IRC sales	659,558	622,658
QSF available assets	59,894,003	70,117,309
Total advances	67,991,615	79,093,551
Statutory contributions invoiced in advance	38,601,096	37,976,300
Other contributions and benefits invoiced in advance	923,985	721,509
USPS contribution 2024 – Provident Scheme and postal security	8,000,000	16,000,000

	31 December 2023	31 December 2022
Saudi Arabia contribution to Riyadh Extraordinary Congress	778,095	–
Multi-year integrated projects (MIPs) financed by countries	13,839	13,839
Telematics Cooperative deferred revenue for special projects	841,287	348,778
Voluntary Fund (conditional)	17,256,080	17,694,863
Funds on deposit	–	-1,927
QSF projects in progress	18,688,091	23,276,012
Total deferred revenue	85,102,475	96,029,375

The PPSUG and UPU*Clearing Group available assets represent the total available assets of certain countries that have deposited a sum of money as a security for weekly or monthly clearing payments.

IRCs are sold to post offices for resale to individual customers. Unused coupons may be returned to the UPU by post offices for reimbursement at the end of the cycle.

The QSF holds amounts on behalf of member countries for use in improving the quality of their postal services. The use of such funds is based upon individual projects approved by the Fund's Board of Trustees. Member countries may receive advances to cover up to 80% of the costs of approved projects, and are paid the balance upon acceptance by the Board of Trustees of the final project report.

The contribution from USPS described in note 4 is shown as deferred revenue. The final payment is due in 2024.

Note 14 – Provisions

The Union has established the following provisions related to outstanding obligations (in CHF):

Provision for litigation at 1 January 2022	50,000
Increase	–
Decrease	–
Use	–
Provision for litigation at 31 December 2022	50,000
Increase	–
Decrease	-35,838
Use	-14,162
Provision for litigation at 31 December 2023	–

The Union is subject to litigation as part of its normal activities. No provision was established at the end of 2023 for events prior to 31 December 2023.

Note 15 – Funds held in trust for translation services

Current accounts for the translation services are not considered as financial instruments as they generate no cash inflow or outflow.

The Union has a relationship with three language groups (Arabic, English and Portuguese) which provide translation services for UPU member countries belonging to each group. Each group has a management committee elected by its members, adopts its own regulations, approves its own budget, appoints its own staff and establishes its own internal rules. Each group is responsible for financing its operations through annual contributions paid by members. The funds of each language group belong to the members of the group.

The Union provides accounting services for each group, including the collection of revenue, payment of expenses, and reporting. The finances of each group are audited by the External Auditor of the Union. The Union provides administrative support services to the staff of each language group free of charge. The staff members of each language group participate in the Provident Scheme and receive any other Union staff entitlements as the group's management committee may decide. Each language group is solely responsible for liabilities arising from the participation of the language group's staff in Union entitlements.

Funds held on behalf of each language group, representing the excess revenue collected over expenses paid, are considered liabilities of the Union. The amounts held are calculated on a cash basis and do not include assets (accounts receivable) or liabilities (long-term employee entitlements). The amount held for each language group is shown below (in CHF):

	31 December 2023	31 December 2022
Arabic (STAR)	5,399,522	4,408,520
English (STAN)	2,820,935	2,816,863
Portuguese (STPO)	556,016	657,165
Total	8,776,473	7,882,548

The revenue, expenses, assets, liabilities and net assets of the translation services are not consolidated into the accounts of the Union. Each of the translation services produces its own financial statement.

Note 16 – Accumulated fund balances and reserves

The accumulated fund balance represents the accumulated net result of operations in 2023 and prior periods for the Union, including UPU*Clearing, the Voluntary Fund and IRCs, and each of the controlled entities – the EMS Cooperative, Telematics Cooperative and QSF.

The Union also has certain reserves established under its Financial Regulations. The Social Fund is established for the purpose of providing assistance to staff and their dependants, and the Special Activities Fund is used to sponsor special activities.

The total reserves and accumulated fund balances at the reporting date are shown below (in CHF):

<i>Accumulated surplus (deficit)</i>	<i>31 December 2023 Closing balance</i>	<i>31 December 2022 Closing balance (restated)</i>
Union	-138,583,240	-101,296,020
Voluntary Fund (non-conditional)	-171,933	-58,299
Subtotal Union funds	-138,755,173	-101,354,319
UPU*Clearing	349,325	642,268
IRC's	-482,374	127,864
Technical Cooperation Special Fund	1,007,342	943,800
Reserve for multi-year integrated projects (MIPs)	2,382,763	2,615,060
Voluntary Fund (including PPSUG)	3,873,163	3,615,822
Subtotal other funds	7,130,218	7,944,813
EMS	-217,110	422,463
Telematics Cooperative	-9,894,485	-4,072,101
QSF	1,921,942	4,691,511
Subtotal controlled entities	-8,189,653	1,041,873
Total accumulated surplus (deficit)	-139,814,608	-92,367,632

<i>Accumulated surplus (deficit)</i>	<i>31 December 2023 Closing balance</i>	<i>31 December 2022 Closing balance (restated)</i>
Social Fund	2,654,410	2,660,425
Reserve for building	2,947,697	2,474,920
Special Activities Fund	521,951	521,951
Total reserves	6,124,059	5,657,297
Total net assets	-133,690,549	-86,710,336

The Union's capital consists of accumulated surplus and reserves which form its net assets. The capital is managed in accordance with the Financial Regulations of the Union.

Note 17 – Related party transactions

The Union is governed by Congress, composed of representatives of all the member countries, and by the CA and POC, composed of representatives of member countries elected by Congress. The representatives receive no remuneration from the Union.

The Union is managed by two elected officials – the Director General and Deputy Director General – and by senior officials (directors) appointed by the Director General. Directors are considered key management staff and are all remunerated by the Union. The aggregate remuneration paid to key management staff includes salaries, allowances, official travel, Provident Scheme contributions, medical and accident insurance, education grants, home leave and other entitlements paid in accordance with the Staff Regulations and Rules applicable to all staff. In addition, the Director General and Deputy Director General receive representation allowances.

All key management staff are members of the Provident Scheme, to which the staff and the Union contribute, and they may also participate in the staff health insurance scheme (including after-service health insurance) if they meet the eligibility requirements.

The Union has no ownership interest in associations or joint ventures. The Union has several controlled entities, and its relationship with each one is explained in note 1. The Union is also the sponsoring entity of the Provident Scheme, the relationship with which is explained in note 12.

The aggregate remuneration of key management staff is shown below (in CHF):

2023	<i>No. of individuals (full-time equivalent)</i>	<i>Salaries</i>	<i>Other allowances</i>	<i>Pension and health insurance</i>	<i>Recruitment allowances</i>	<i>Separation from service allowances</i>	<i>Total</i>
Elected officials	2	578,854	69,741	143,531	–	–	792,126
Directors	9	1,750,439	181,738	557,538	–	–	2,489,715
Total	11	2,329,293	251,479	701,069	–	–	3,281,841

2022	<i>No. of individuals (full-time equivalent)</i>	<i>Salaries</i>	<i>Other allowances</i>	<i>Pension and health insurance</i>	<i>Recruitment allowances</i>	<i>Separation from service allowances</i>	<i>Total</i>
Elected officials	2	589,838	57,289	142,042	92,783	–	881,951
Directors	9	1,754,143	192,268	534,185	–	4,148	2,484,743
Total	11	2,343,981	249,557	676,226	92,783	4,148	3,366,694

One director received a loan of 12,000 CHF from the Union during the period under review. Key management staff and their close family members received no other remuneration or compensation.

Note 18 – Reconciliation of statement of comparison of budget and actual amounts (statement V) and statement of financial performance (statement II)

The UPU budget and the comparison of budget and actual amounts (statement V) are prepared on a modified accrual basis, while the statement of financial position, the statement of financial performance, the statement of changes in net assets and the statement of cash flow are prepared on a full accrual basis.

As required by IPSAS 24, where the financial statements and the budget are not prepared on a comparable basis, the actual amounts presented in relation to the budget shall be reconciled to the actual surplus (deficit) amounts presented on the statement of financial performance (statement II), identifying separately any basis, timing and entity differences. The UPU budget is adopted by the CA on an annual basis, meaning that there are no timing differences to report.

The basis differences comprise elements not included in the budget, namely, financial costs, exchange losses, interpretation costs and variation in commitments regarding staff.

Financial costs include the following elements:

- Bank charges;
- Interest;
- Variations in financial provisions.

Entity differences represent intercompany expenses which are not included in the budget approved by the CA.

2023	Operating	Investments	Funding	Total (CHF)
Total net expenses on basis comparable to adjusted budget	-83,691,378	–	–	-83,691,378
Financial costs	-2,600,086	–	–	-2,600,086
Exchange losses	–	–	-7,845,037	-7,845,037
Interpretation for POC + CA	-1,290,365	–	–	-1,290,365
Expenditure relating to Congress	-654,171	–	–	-654,171
Adjustment of employee benefits	78,178	–	–	78,178
Total basis differences	-4,466,444	–	-7,845,037	-12,311,480
Elimination of intercompany transactions	5,189,711	–	–	5,189,711
Total entity differences	5,189,711	–	–	5,189,711
Actual expenses on the statement of financial performance	-82,968,111	–	-7,845,037	-90,813,148
Total revenue on the statement of financial performance	97,375,613	–	–	97,375,613
Actual net result on the statement of financial performance	14,407,502	–	-7,845,037	6,562,465

Note 19 – Revenue

Statutory contributions comprise the contributions paid by Union member countries to finance the Union's budget for the current period, including charges related to French translation services.

Statutory contributions from member countries (in CHF)	2023	2022
Contributions to the expenses of the Union	37,812,300	37,733,800
Contributions to the costs of French translation	164,000	164,800
Total	37,976,300	37,898,600

Other annual contributions include amounts paid annually by members of the Telematics Cooperative, EMS Cooperative and the following user groups.

Other annual contributions	2023	2022 (restated)
Contributions to the PTC	1,129,167	1,110,000
Contributions to EMS	2,749,421	2,809,903
Contributions to UPU*Clearing	256,761	257,610
Contributions to the Consultative Committee	479,330	105,556
Contributions to the .POST Group	288,709	307,300
Contributions to the PPSUG	99,796	138,875
Total	5,003,184	4,729,244

Voluntary contributions include donor contributions to the Voluntary Fund; contributions towards the financing of technical cooperation projects; and contributions for multi-year integrated projects and Special Fund programmes. The contribution from USPS in 2023 was 8 million CHF, of which 4,469,550 CHF was paid into the Provident Scheme and 3,530,450 CHF into a tied fund.

Voluntary contributions (in CHF)	2023	2022 (restated)
QSF contributions	13,729,184	6,087,373
Untied voluntary contributions	411,451	474,670
Tied contributions	8,700,241	5,969,925
USPS contribution to the Provident Scheme	4,469,550	4,375,200
Other financial contributions	1,976,766	42,316
Total	29,287,192	16,949,485

Sales include revenue related to various products and services, IRCs, services provided by the Telematics Cooperative and room rentals in the headquarters building. In 2022, other sales included the result of sales of international reply coupons for the Istanbul cycle, which was closed.

Sales (in CHF)	2023	2022
POST*CODE, WNS, barcodes	1,375,349	1,238,829
Rebilling of IRC costs	39,380	42,534
Sales, missions, maintenance for IFS/IPS, etc.	10,904,426	9,737,104
Rent	516,846	503,411
Other sales	41,303	857,102
Total	12,877,305	12,378,980

Financial revenue includes the following:

- Interest on deposits and accounts, including all interest earned on investments held by the Union, the Voluntary Fund, QSF and other funds administered by the Union, and on investments in bonds held by the QSF;
- Billed interest on overdue contributions;
- Gains on investments, including realized gains from the sale or maturity of bonds and unrealized gains from the marking to market (at the reporting date) of investments held by the QSF; dividends, including amounts earned on equity investments held by the QSF;
- Reduction of the provision for expected credit losses.

<i>Financial revenue (in CHF)</i>	2023	2022
Interest on cash, cash equivalents and investments	4,136,986	2,005,098
Interest on contributions receivable (gross)	1,176,652	370,918
Other financial revenue	–	189
Gain on investments	-799	42,601
Adjustment (reduction) of the provision for expected credit losses	–	407,360
Total	5,312,838	2,826,166

Other revenue primarily consists of rebilling of interpretation costs for meetings of the CA, POC and Congress.

<i>Other revenue (in CHF)</i>	2023	2022
Simultaneous interpretation	1,235,145	1,000,434
Miscellaneous income	22,774	114,990
Total	1,257, 919	1,115,424

Note 20 – Expenses

Expenses are reported on an accrual basis and recognized when goods are received and services are rendered. All inter-segment charges for services provided to, or by funds administered by, the Union have been eliminated prior to consolidation on the statement of financial performance.

Staff expenses include short-term employee benefits, such as base salary, post adjustment, dependency allowances, pension contributions, health and other insurance contributions, annual leave and other entitlements for permanent and short-term staff and consultants. The item “Insurance and Provident Scheme” includes changes in the provisions for long-term employee benefit liabilities (health insurance and Provident Scheme).

<i>Staff expenses (in CHF)</i>	2023	2022
Salaries and allowances	26,944,199	26,669,793
Temporary staff and overtime	671,558	747,510
Social security contributions	2,570,162	2,825,755
Recruitment and separation from service allowances	307,126	966,649
Insurance and Provident Scheme	13,086,171	17,505,318
Other staff expenses	182,628	290,573
Total	43,761,844	49,005,598

Travel includes the costs of airfare; daily subsistence allowances; terminal and other travel expenses for staff travelling on official business; travel for delegates to the POC and CA; and travel for participants, lecturers and fellows in connection with training activities.

<i>Travel (in CHF)</i>	2023	2022 (restated)
Missions	437,695	284,398
Delegates and visitors	76,244	84,736
Congress/strategy conferences	219,160	–
Total	733,099	369,134

Contractual services include translators, interpreters and other non-staff or consultant service agreements.

<i>Consultants and external contracts (in CHF)</i>	2023	2022 (restated)
Shipping	457,341	387,302
IT services and consultants	1,562,548	2,288,235
Translation and interpretation	319,688	294,660
Consultants	2,690,512	2,161,428
Server hosting	168,015	175,397
Total	5,198,105	5,307,022

Project expenses include amounts paid to countries for projects funded by the QSF, the technical cooperation fund and voluntary contributions. In particular, project expenses include consultant remuneration and travel, service contracts, equipment procured for project beneficiaries (not the UPU), evaluation missions and other costs.

<i>Project expenses (in CHF)</i>	2023	2022 (restated)
QSF projects outside the scope of the QSF Common Fund	14,619,604	5,449,183
QSF Common Fund projects	512,300	222,910
Technical cooperation projects	8,610,690	4,241,541
Total	23,742, 594	9,913,633

General operating expenses include items such as maintenance, rental of printers and other equipment, postage and telecommunications, and insurance.

<i>General operating expenses (in CHF)</i>	2023	2022
Building utilities and cleaning	464,919	508,865
Equipment rental	97,311	87,713
Postage and telecommunications	336,368	427,451
Other expenses	256,568	161,531
Total	1,155,165	1,185,561

Materials and supplies include the cost of non-inventoried items purchased in connection with operations but not used for sales or free distribution in connection with the delivery of services.

<i>Materials and supplies (in CHF)</i>	2023	2022
Expendable IT equipment	179,048	5,288
Expendable machinery and furniture	65,466	30,040
IRC production supplies	15,039	3,263

<i>Materials and supplies (in CHF)</i>	2023	2022
Variation in inventories	-32	-134
Expendable other equipment	371,420	465,473
Total	630,941	503,930

Maintenance and repairs include charges for repairs to the headquarters building in Berne totalling less than the threshold of 50,000 CHF established for recognition of fixed assets, as well as IT maintenance costs.

<i>Maintenance and repairs (in CHF)</i>	2023	2022
Security	114,290	95,013
Lifts	49,924	48,532
Heating and ventilation	44,822	102,424
Electrical system	8,694	18,926
Miscellaneous equipment	100,966	82,329
IT equipment	814,082	767,672
IT licences	900,560	802,141
Other expenses	44,295	35,647
Total	2,077,632	1,952,684

Depreciation expenses concern buildings, equipment and intangible assets, as detailed in notes 8 to 10 above.

<i>Depreciation (in CHF)</i>	2023	2022
Depreciation expenses on land and buildings	904,126	904,126
Depreciation expenses on equipment	407,007	239,477
Depreciation expenses on intangible assets	151,327	236,565
Total depreciation	1,462,459	1,380,168
Impairments	77,340	–
Total depreciation and impairment expenses	1,539,799	1,380,168

Finance charges include bank charges, investment custody fees, management fees, variations in provisions and investment losses, including the sale and maturity of QSF-held bonds at the reporting date.

<i>Financial costs (in CHF)</i>	2023	2022
Increase in provision for expected credit losses	2,174,754	–
Increase in other provisions	6,775	–
Interest	187,014	82,217
Cancellation of interest prescribed in regulations	82,530	15,675
Bank charges and other financial costs	149,013	163,235
Total	2,600,086	261,126

Other expenses include the cost of interpretation at meetings, subsidies and gifts, including the cafeteria subsidy, as well as the UPU's share of costs paid by UN specialized agencies as a whole and of legal costs.

<i>Other expenditure (in CHF)</i>	2023	2022
Interpretation for POC + CA	1,290,365	1,026,982
Subsidies and gifts	84,058	66,168

<i>Other expenditure (in CHF)</i>	2023	2022
Specialized agencies of the UN and other expenses	190,261	176,215
Legal costs	-35,838	4,950
Total	1,528,846	1,274,315

Note 21 – Exchange gains and losses

The Union realizes exchange gains and losses on accounts payable and accounts receivable transactions denominated in currencies other than the Swiss franc, based on the exchange rate in effect on the date of each transaction. In addition, exchange gains and losses relating to the revaluation of bank accounts and other monetary assets and liabilities not held in Swiss francs (at the exchange rate in effect on the reporting date) are recognized in the financial statements. The effect of exchange gains and losses is recognized as a component of revenue and expenses on the statement of financial performance (values below in CHF).

<i>Description for 2023</i>	<i>Realized</i>	<i>Unrealized</i>	<i>Net impact</i>
Exchange gains 2023	2,129,367	3,531,508	5,660,874
Exchange losses 2023	-4,160,128	-3,684,909	-7,845,037
Net impact 2023	-2,030,761	-153,401	-2,184,162

<i>Description 2022</i>	<i>Realized</i>	<i>Unrealized</i>	<i>Net impact</i>
Exchange gains 2022	1,908,221	1,153,125	3,061,347
Exchange losses 2022	-2,031,548	-1,187,172	-3,218,720
Net impact 2022	-123,327	-34,046	-157,373

Note 22 – Events after the reporting date

The Union's reporting date is 31 December 2023, and its financial statements were authorized for publication on 2 July 2024.

There are no events subsequent to the reporting date likely to affect the UPU accounts other than an appeal against the current health insurance plan (see note 25 for details).

Note 23 – Financial risks

The Union's financial situation includes the following financial instruments at 31 December 2023:

	<i>IPSAS 41 measurement category</i>	<i>USD in equivalent CHF</i>	<i>EUR in equivalent CHF</i>	<i>CHF</i>	<i>Total in equivalent CHF</i>
Cash and cash equivalents	Amortized cost	14,892,521	4,158,386	15,616,259	34,667,167
Current investments	Amortized cost	92,018,588	927,000	32,000,000	124,945,588
Current accounts receivable (non-exchange transactions)	Amortized cost	638,136	13,655	27,376,315	28,028,106
Current accounts receivable (exchange transactions)	Amortized cost	2,991,202	5,125,415	3,146,989	11,263,605

	<i>IPSAS 41 measurement category</i>	<i>USD in equivalent CHF</i>	<i>EUR in equivalent CHF</i>	<i>CHF</i>	<i>Total in equivalent CHF</i>
Interpretation expenses for rebilling	Amortized cost	–	–	350,159	350,159
Accounts payable and accrued expenses	Amortized cost	-3,516,975	-5,269,377	-2,606,720	-11,393,073
Net risk		107,023,471	4,955,079	75,883,002	187,861,551

Interpretation expenses for rebilling are included in the prepaid expenses and deferred charges presented with other current assets.

The Union's financial situation includes the following financial instruments at 31 December 2022:

	<i>IPSAS 29 measurement category</i>	<i>USD in equivalent CHF</i>	<i>EUR in equivalent CHF</i>	<i>CHF</i>	<i>Total in equivalent CHF</i>
Cash and cash equivalents	Amortized cost	14,287,046	2,396,605	16,874,794	33,558,445
Current investments	Amortized cost	36,554,321	983,000	31,000,000	68,537,321
Current accounts receivable (non-exchange transactions)	Amortized cost	883,477	–	31,236,526	32,120,003
Current accounts receivable (exchange transactions)	Amortized cost	25,180,973	4,345,318	3,271,654	32,797,946
Interpretation expenses for rebilling	Amortized cost	–	–	463,185	463,185
Non-current investments	Amortized cost	72,376,579	–	–	72,376,579
Non-current accounts receivable (non-exchange transactions)	Amortized cost	–	–	8,048,580	8,048,580
Accounts payable and accrued expenses	Amortized cost	-27,299,389	-4,345,318	-2,063,108	-33,707,815
Net risk		121,983,007	3,379,605	88,831,631	214,194,243

The Union is exposed to certain market, credit and liquidity risks, as indicated below.

Market risk

The market risk is the risk related to the fluctuation of the fair value or future cash flows of financial instruments, on account of changing market prices. It includes foreign currency exchange risk, interest rate risk and other price risks. The Union is exposed to exchange rate risks. It receives revenue from fees and voluntary contributions and incurs expenses in currencies other than its functional currency (CHF). The Union is also exposed to foreign exchange risk arising from fluctuations of currency exchange rates. It does not use derivative financial instruments to hedge exchange risk.

The Union is also exposed to exchange risks resulting from the use of the US dollar as the currency of accounting for the QSF, UPU*Clearing and the IRC service. Given that revenue from the QSF and the IRC service is essentially in US dollars and revenue from the UPU*Clearing system is in US dollars and euros, and that assets in US dollars and euros are not translated into other currencies, the exchange risk is in fact limited.

The Union's exposure to exchange rate risks is also limited on account of the fact that its operating budget is primarily funded through member country contributions and the sale of goods and services in Swiss francs.

The sensitivity analysis in the table below shows the effect of a 5% variation in the euro and US dollar exchange rates with the Swiss franc, as well as between the euro and US dollar.

At 31 December 2023

<i>Currencies</i>	<i>Variation -5%</i>	<i>Variation +5%</i>
EUR/CHF	-178,729	178,729
USD/CHF	-857,696	857,696
EUR/USD	-69,367	69,367

At 31 December 2022

<i>Currencies</i>	<i>Variation -5%</i>	<i>Variation +5%</i>
EUR/CHF	-109,365	109,365
USD/CHF	-671,622	671,622
EUR/USD	-59,615	59,615

Liquidity risk

Liquidity risk is the risk of the UPU having difficulty fulfilling its obligations linked to its financial liabilities. The Union's exposure to liquidity risk is limited, as it has cash reserves and short-term investments that are replenished from the results of its operations. The Union's investment policy has been developed to ensure that its investments are held primarily in liquid short-term deposits, with the exception of funds held for the QSF, which are invested in longer-term investments with higher yields. Projects funded through voluntary contributions and QSF funds are implemented once contributions are received, which minimizes liquidity risk.

At 31 December 2023, the Union's cash and short-term investments, amounting to 159,612,754 CHF, were enough for the Union to settle its current liabilities, which totalled 22,666,020 CHF at that same date. Advances and deferred revenue were not taken into account, as they will not be the subject of disbursements. The UPU at all times maintains sufficient liquidity to settle all its short-term debts, while ensuring returns on long-term investments throughout the year.

The maturity of financial commitments is indicated in statement I.

Credit risk

Credit risk is the risk that a counterparty for one of the Union's assets does not fulfil its obligations. The Union's accounts receivable derive almost exclusively from its member countries, which are represented by sovereign governments or designated operators. Credit risk is re-evaluated annually, and changes are reflected in the calculation of the provision for expected credit losses. All cash and cash equivalents are held in banks with credit ratings of A+ or higher by Fitch and S&P. Investments in bonds are rated A or higher. The book value of accounts receivable has been reduced to reflect receivables for which payment is not anticipated in the short term.

It should be noted that the UPU does not have major risk concentration in any significant category of its financial instruments.

Note 24 – Leasing and unrecognized commitments

Leasing

The Union did not take out any leasing contracts in 2022 or 2023.

Rentals

At 31 December 2023, the UPU was renting out office space to five tenants for total revenue of 254,294 CHF (254,294 CHF in 2022). The contracts have an initial duration of five years and, thereafter, are renewable from year to year with a 12-month notice period.

<i>Rental of premises (UPU landlord in CHF)</i>	2023	2022
Less than one year	254,294	254,294
One to five years	254,294	254,294
More than five years	–	–
Total	508,588	508,588
Revenue recognized during period	254,294	254,294

Other unrecognized commitments

At 31 December 2023, on the basis of existing contracts, the UPU had a commitment in the amount of 18.9 million CHF for the purchase of goods and services. The delivery of products and services will commence in 2024 and will be recorded in future accounting periods. The estimated amount of this commitment at 31 December 2022 was 24.3 million CHF.

Note 25 – Contingent liabilities

Certain participants have filed an appeal with the International Labour Organization Administrative Tribunal (ILOAT) with regard to a health insurance coverage case of theirs dismissed in the first instance. The case is currently being considered by the final instance of appeal. The decision will be delivered by the ILOAT. No amount can be estimated at this time.

As mentioned in note 15, the Union has relationships with three language groups (Arabic, English and Portuguese) which provide translation services to the UPU member countries belonging to each group. These groups operate independently under the responsibility of a management committee elected by their members. These groups have also adopted their own regulations and appoint their own staff.

This being so, the accounts of the language groups are not consolidated, and the obligations towards staff of these entities are presented in their own financial statements. The various regulations of the language groups stipulate that the groups apply the same obligations and guarantees as those applied by the Union to the Provident Scheme for its own staff, and that any financial consequences of a dispute or appeal to the ILOAT are to be borne by the language group concerned.

However, some ILO case law appears to indicate that a potential obligation towards staff of the translation services cannot be completely ruled out. For the sake of transparency, the net obligations in respect of the Provident Scheme and health insurance scheme of the three translation services are shown in the table below. These obligations have been calculated using the same methodology as for the consolidated entities. The methodology is set out in note 12.

	31 December 2023	31 December 2022
English (STAN)	4,440,503	3,445,085
Arabic (STAR)	5,826,411	4,085,402
Portuguese (STPO)	1,418,153	1,048,629
Total	11,685,067	8,579,116

Note 26 – Segment reporting

Segment reporting is presented in a format which represents the various funds and entities administered by the Union, broken down into the segments that make it up. These funds and entities were created by Congress or the CA. Detailed information on the individual segments is presented in notes 1 and 2.

The UPU accounts record the assets, liabilities and net assets of each fund and entity, presented by segment on the statement of financial position. All inter-segment assets and liabilities are recorded as intercompany transactions eliminated as inter-segment transactions.

The UPU accounts also record revenue and expenses separately for each fund and entity. Inter-fund/entity transactions relating to services provided by one fund/entity to another fund/entity have been eliminated as inter-segment transactions.

Transfers between entities are considered as revenue and expenditure for each entity. These transfers are indicated underneath the respective tables.

One of the UPU's controlled entities (QSF) and two other entities (UPU*Clearing and IRCs) maintain their accounts in US dollars. For the information of the users of the financial statements, the results of these three entities are presented in a consolidated segment in Swiss francs, and a separate segment note providing information on these entities in US dollars is included.

Statement of financial position by segment at 31 December 2023 (in CHF)

Assets	Union	Voluntary Fund	EMS Cooperative	Telematics Cooperative	USD-based entities	Inter-segment	Total
Current assets							
Cash and short-term investments	35,325,143	24,623,553	3,996,421	6,171,626	89,496,011	–	159,612,754
Accounts receivable (non-exchange transactions)	26,476,888	1,164,506	13,720	74,154	298,838	–	28,028,106
Accounts receivable (exchange transactions)	–	608,527	–	4,960,812	7,763,663	-2,069,397	11,263,606
Inventories	41,219	39,484	–	–	24,606	–	105,309
Other current assets	1,703,669	876,576	32,675	1,102,966	821,863	-261,624	4,276,126
Total current assets	63,546,919	27,312,646	4,042,816	12,309,558	98,404,981	-2,331,021	203,285,902
Non-current assets							
Investments	–	–	–	–	–	–	–
Accounts receivable (non-exchange transactions)	–	–	–	–	–	–	–
Equipment	1,801,585	–	–	523,418	5,050	–	2,330,053
Intangible assets	682,523	–	–	23,596	–	–	706,120
Land and buildings	19,229,625	–	–	–	–	–	19,229,625
Other non-current assets	22,250	–	–	–	–	–	22,250
Total non-current assets	21,735,983	–	–	547,014	5,050	–	22,288,047
Total assets	85,282,901	27,312,646	4,042,816	12,856,572	98,410,031	-2,331,021	225,835,570

The amount of fixed assets acquired during the financial period is 1,724,385 CHF for the Union and 636,766 CHF for the PTC.

Current liabilities	Union	Voluntary Fund	EMS Cooperative	Telematics Cooperative	USD-based entities	Inter-segment	Total
Current liabilities							
Accounts payable and accrued expenses	2,380,242	2,200,535	123,594	302,730	8,716,993	-2,331,021	11,393,074
Employee benefits	1,584,272	–	118,965	699,668	93,569	–	2,496,475
Deferred revenue	47,379,191	17,624,020	–	1,159,838	18,939,425	–	85,102,475
Advances	4,778,851	396,757	16,725	140,340	62,658,942	–	67,991,615
Funds-in-trust held for translation services	8,776,473	–	–	–	–	–	8,776,473
Provisions	–	–	–	–	–	–	–
Total current liabilities	64,899,029	20,221,311	259,285	2,302,577	90,408,929	-2,331,021	175,760,112
Non-current liabilities							
Employee benefits	152,843,053	–	4,000,642	20,448,481	6,212,210	–	183,504,386
Deferred revenue	–	–	–	–	–	–	–
Total non-current liabilities	152,843,053	–	4,000,642	20,448,481	6,212,210	–	183,504,386
Total liabilities	217,742,083	20,221,311	4,259,926	22,751,057	96,621,138	-2,331,021	359,264,497
Accumulated surplus (deficit) Union funds	-138,583,240	-171,933	–	–	–	–	-138,755,173
Accumulated surplus (deficit) other funds	–	7,263,268	–	–	-133,049	–	7,130,219
Accumulated surplus (deficit) controlled entities	–	–	-217,110	-9,894,485	1,921,942	–	-8,189,653
Reserves	6,124,059	–	–	–	–	–	6,124,059
Net assets	-132,459,181	7,091,335	-217,110	-9,894,485	1,788,893	–	-133,650,549

Statement of financial position by segment at 31 December 2022 (in CHF), restated

Assets	Union	Voluntary Fund	EMS Cooperative	Telematics Cooperative	USD-based entities	Inter-segment	Total
Current assets							
Cash and current investments	32,025,408	25,758,251	4,072,767	5,032,752	35,206,590	–	102,095,768
Accounts receivable (non-exchange transactions)	30,907,229	306,056	8,332	145,862	752,524	–	32,120,003
Accounts receivable (exchange transactions)	49,445	360,922	–	5,461,006	29,395,338	-2,468,766	32,797,945
Inventories	47,803	40,056	–	–	30,126	–	117,985
Other current assets	1,317,157	403,579	17,042	594,774	520,739	–	2,853,290
Total current assets	64,347,042	26,868,864	4,098,141	11,234,394	65,905,317	-2,468,766	169,984,992
Non-current assets							
Investments	–	–	–	–	72,376,579	–	72,376,579
Accounts receivable (non-exchange transactions)	8,048,580	–	–	–	–	–	8,048,580
Equipment	323,778	3,629	–	69,305	18,784	–	415,496
Intangible assets	818,372	–	–	78,617	–	–	896,989
Land and buildings	20,111,434	–	–	–	–	–	20,111,434
Other non-current assets	22,188	–	–	–	–	–	22,188
Total non-current assets	29,324,352	3,629	–	147,922	72,395,363	–	101,871,266
Total assets	93,671,394	26,872,493	4,098,141	11,382,316	138,300,680	-2,468,766	271,856,258

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The amount of fixed assets acquired during the financial period is 365,389 CHF for the Union, 35,239 CHF for the PTC and 1,314 CHF for IRCs.

Current liabilities	Union	Voluntary Fund	EMS Cooperative	Telematics Cooperative	USD-based entities	Inter-segment	Total
Current liabilities							
Accounts payable and accrued expenses	2,888,236	948,460	193,600	468,987	31,677,298	-2,468,766	33,707,815
Employee benefits	1,912,485	–	155,879	784,891	98,319	–	2,951,574
Deferred revenue	45,976,300	18,312,861	115,422	348,778	23,276,012	–	88,029,374
Advances	4,895,389	494,790	–	117,074	73,586,299	–	79,093,551
Funds-in-trust held for translation services	7,882,548	–	–	–	–	–	7,882,548
Provisions	50,000	–	–	–	–	–	50,000
Total current liabilities	63,604,957	19,756,111	464,901	1,719,730	128,637,928	-2,468,766	211,714,861
Non-current liabilities							
Employee benefits	117,705,160	–	3,210,777	13,734,687	4,201,109	–	138,851,733
Deferred revenue	8,000,000	–	–	–	–	–	8,000,000
Total non-current liabilities	125,705,160	–	3,210,777	13,734,687	4,201,109	–	146,851,733
Total liabilities	189,310,117	19,756,111	3,675,678	15,454,417	132,839,037	-2,468,766	358,566,595
Accumulated surplus (deficit) Union funds	-101,296,020	-58,299	–	–	–	–	-101,354,319
Accumulated surplus (deficit) other funds	–	7,174,687	–	–	770,132	–	7,944,819
Accumulated surplus (deficit) controlled entities	–	–	422,463	-4,072,101	4,691,511	–	1,041,873
Reserves	5,657,297	–	–	–	–	–	5,657,297
Net assets	-95,638,723	7,116,388	422,463	-4,072,101	5,461,643	–	-87,710,339

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Statement of financial performance by segment from 1 January to 31 December 2023 (in CHF)

	Union	Voluntary Fund	EMS Cooperative	Telematics Cooperative	USD-based entities	Inter-segment	Total
Revenue							
Statutory contributions from member countries	37,976,300	–	–	–	–	–	37,976,300
Other annual contributions	–	867,835	2,749,421	1,129,167	256,761	–	5,003,184
Voluntary contributions	10,056,766	11,274,693	–	–	13,729,184	-5,773,450	29,287,192
Sales	562,773	1,375,349	–	11,116,570	34,756	-212,143	12,877,305
Financial revenue	2,250,653	260,562	75,495	137,392	3,075,427	-486,690	5,312,838
Exchange gains	1,772,177	2,237,086	760	26,552	1,624,299	–	5,660,874
Other revenue	1,646,061	57	–	1,849,301	10,377	-2,247,877	1,257,919
Total revenue	54,264,729	16,015,583	2,825,676	14,258,981	18,730,804	-8,720,161	97,375,613
Expenses							
Staff expenses	26,640,035	3,453,438	1,434,974	10,197,924	2,045,502	-10,030	43,761,844
Travel	536,629	–	8,350	180,062	8,058	–	733,099
Consultants and external contracts	1,694,857	67,305	804,297	2,851,762	14,694	-234,810	5,198,105
Project expenses	2,326,655	9,549,022	–	–	15,449,334	-3,582,417	23,742,594
General operating expenses	853,378	163,479	4,218	135,802	6,040	-7,753	1,155,165
Materials and supplies	566,326	175,303	–	68,388	15,007	-194,083	630,941
Maintenance and repairs	1,308,553	31,102	55,335	865,122	92,030	-274,510	2,077,632
Depreciation and impairments	1,292,947	3,629	–	231,280	11,943	–	1,539,799
Financial costs	3,004,117	18,005	-4,769	-127,820	197,244	-486,690	2,600,086
Exchange losses	3,465,128	2,375,767	294	2,759	2,001,089	–	7,845,037
Other expenses	5,010,536	203,580	72,218	105,550	66,831	-3,929,868	1,528,846
Total expenses	46,699,161	16,040,629	2,374,917	14,510,828	19,907,772	-8,720,161	90,813,148
Net result	7,565,568	-25,047	450,759	-251,847	-1,176,968	–	6,562,465

Transfers between entities	Description	Union	Voluntary Fund	Telematics Cooperative	Total
Revenue					
Voluntary contributions	Budget allocated to technical cooperation	–	-2,175,000	–	-2,175,000
Voluntary contributions	Budget allocated to POST*Code project	–	-68,000	–	-68,000
Voluntary contributions	USPS contribution to security project	–	-3,530,450	–	-3,530,450
Other revenue	USPS contribution to USAMex project	–	–	-277,000	-277,000
Expenses					
Project expenses	Budget allocated to technical cooperation	2,175,000	–	–	2,175,000
Project expenses	Budget allocated to POST*Code project	68,000	–	–	68,000
Other expenses	USPS contribution to security project	3,530,450	–	–	3,530,450
Project expenses	USPS contribution to USAMex project	–	277,000	–	277,000
Total included in inter-segment elements		5,773,450	-5,496,450	-277,000	–

Statement of financial performance by segment from 1 January to 31 December 2022 (in CHF), restated

	Union	Voluntary Fund	EMS Cooperative	Telematics Cooperative	USD-based entities	Inter-segment	Total
Revenue							
Statutory contributions from member countries	37,898,600	–	–	–	–	–	37,898,600
Other annual contributions	–	551,731	2,809,903	1,110,000	257,610	–	4,729,244
Voluntary contributions	8,042,316	8,984,013	–	–	6,087,373	-6,164,218	16,949,485
Sales	566,126	1,238,829	–	10,154,932	850,183	-431,089	12,378,980
Financial revenue	987,229	-22,430	5,204	-30,427	1,918,325	-31,736	2,826,166
Exchange gains	1,354,030	111,332	121	3,897	1,591,967	–	3,061,347
Other revenue	1,369,886	5,050	–	2,050,938	87,993	-2,398,443	1,115,424
Total revenue	50,218,187	10,868,525	2,815,228	13,289,339	10,793,453	-9,025,486	78,959,247

	Union	Voluntary Fund	EMS Cooperative	Telematics Cooperative	USD-based entities	Inter-segment	Total
Expenses							
Staff expenses	35,561,292	3,788,420	1,479,065	7,198,867	977,955	–	49,005,598
Travel	254,722	–	8,852	103,156	2,404	–	369,134
Consultants and external contracts	1,304,316	76,808	709,116	3,410,450	378,025	-571,693	5,307,022
Project expenses	2,870,404	4,331,926	–	–	6,711,019	-3,999,717	9,913,633
General operating expenses	962,045	42,250	4,086	168,441	8,739	–	1,185,561
Materials and supplies	169,158	315,423	172	15,913	16,526	-13,261	503,930
Maintenance and repairs	1,183,856	30,083	47,832	808,135	37,886	-155,108	1,952,684
Depreciation and impairments	1,258,247	3,959	–	100,019	17,942	–	1,380,168
Financial costs	113,924	6,170	5,521	2,778	164,468	-31,736	261,126
Exchange losses	1,564,230	143,789	394	3,373	1,506,934	–	3,218,720
Other expenses	5,066,671	146,525	68,410	172,484	74,197	-4,253,972	1,274,315
Total expenses	50,308,866	8,885,354	2,323,448	11,983,616	9,896,094	-9,025,486	74,371,891
Net result	-90,679	1,983,171	491,781	1,305,724	897,359	–	4,587,356

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	Description	Union	Voluntary Fund	Telematics Cooperative	Total
Transfers between entities					
Revenue					
Voluntary contributions	Budget allocated to technical cooperation	–	-2,539,418	–	-2,539,418
Voluntary contributions	USPS contribution to security project	–	-3,624,800	–	-3,624,800
Other revenue	Budget allocated to Telematics Cooperative	–	–	-260,000	-260,000
Expenses					
Project expenses	Budget allocated to technical cooperation	2,539,418	–	–	2,539,418
Other expenses	USPS contribution to security project	3,624,800	–	–	3,624,800
Other expenses	Budget allocated to Telematics Cooperative	260,000	–	–	260,000
Total included in inter-segment elements		6,424,218	-6,164,218	-260,000	–

Statement of financial position by segment from 1 January to 31 December 2023 (in USD)

	IRCs	QSF	UPU*Clearing
Assets			
Current assets			
Cash and short-term investments	1,673,759	100,958,960	4,548,133
Accounts receivable (non-exchange transactions)	–	357,889	–
Accounts receivable (exchange transactions)	–	–	9,297,801
Inventories	29,469	–	–
Other current assets	49,884	711,938	222,445
Total current assets	1,753,112	102,028,787	14,068,378
Non-current assets			
Investments	–	–	–
Equipment	6,048	–	–
Total non-current assets	6,048	–	–
Total assets	1,759,159	102,028,787	14,068,378
Current liabilities			
Accounts payable and accrued expenses	3,923	927,076	9,508,513
Employee benefits	31,604	73,835	6,619
Deferred revenue	–	22,380,948	300,999
Advances	789,889	71,729,345	2,521,414
Total current liabilities	825,416	95,111,204	12,337,546
Non-current liabilities			
Employee benefits	1,511,437	4,615,855	1,312,480
Total non-current liabilities	1,511,437	4,615,855	1,312,480
Total liabilities	2,336,853	99,727,060	13,650,026
Accumulated surplus (deficit) other funds	-577,694	–	418,353
Accumulated surplus (deficit) controlled entities	–	2,301,728	–
Net assets	-577,694	2,301,728	418,353

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Statement of financial position by segment from 1 January to 31 December 2022 (in USD), restated

	IRCs	QSF	UPU*Clearing
Assets			
<i>Current assets</i>			
Cash and short-term investments	1,991,259	31,678,870	4,473,522
Accounts receivable (non-exchange transactions)	–	815,302	–
Accounts receivable (exchange transactions)	16,974	–	31,830,630
Inventories	32,639	–	–
Other current assets	15,619	454,876	93,686
Total current assets	2,056,491	32,949,048	36,397,838
<i>Non-current assets</i>			
Investments	–	78,414,495	–
Equipment	20,351	–	–
Total non-current assets	20,351	78,414,495	–
Total assets	2,076,842	111,363,543	36,397,838
<i>Current liabilities</i>			
Accounts payable and accrued expenses	234,711	2,219,282	31,865,940
Employee benefits	26,972	72,771	6,778
Deferred revenue	–	25,217,782	264,774
Advances	674,603	75,966,749	2,819,008
Total current liabilities	936,286	103,476,584	34,956,500
<i>Non-current liabilities</i>			
Employee benefits	1,002,025	2,804,065	745,490
Total non-current liabilities	1,002,025	2,804,065	745,490
Total liabilities	1,938,311	106,280,649	35,701,991
Accumulated surplus (deficit) other funds	138,531	–	695,848
Accumulated surplus (deficit) controlled entities	–	5,082,894	–
Net assets	138,531	5,082,894	695,848

