



Inter-Parliamentary Union
For democracy. For everyone.

147th IPU Assembly

Luanda, Angola
23–27 October 2023



Executive Committee
Item 7
Governing Council
Item 6

EX/291/7(a)-R.2
CL/212/6-R.1
22 September 2023

Financial results for 2022

Financial report and audited financial statements

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#IPU147

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1. Introduction

The audited financial statements for 2022 are once again fully compliant with International Public Sector Accounting Standards (IPSAS). They reflect the changes effected during the past ten years – consolidating the IPU closed Pension Fund with the IPU's own accounts, carrying out a regular full actuarial review of the Pension Fund, revaluing the IPU Headquarters building in Geneva at fair value and amortizing the 50-year loan that was offered by the Swiss Confederation in 2003 for the construction and renovation of the Headquarters building.

The content of the IPU Financial Report is derived from the body of the five audited financial statements and their comprehensive notes. A comparison of budget performance by category of expenditure and by strategic direction is found in Statement V: Statement of Comparison of Budget and Actual Amounts and in note 17 on segment reporting. Details of expenditure by line item are provided in note 18. This financial report therefore provides a summary of key information and a narrative explanation of budget variances, and points out where further information can be located in the financial statements and notes.

The budget for 2022 was approved with no increase in Members' assessed contributions compared with 2021. Members' assessed contributions still remain below their level of 2007. The IPU has continued the engagement with its various stakeholders to ensure that its risk assessment framework is tailored to the current environment.

Overall, the IPU's consolidated net assets decreased from CHF 7.9 million to CHF 7.5 million in 2022. The investments in mutual funds generated an unrealized loss totalling CHF 0.8 million at the end of the year due to the worst global market performance in decades, triggered by the conflict in Ukraine, interest rate rises and inflationary pressure. This unrealized loss was the primary cause of the IPU's operating deficit of CHF 0.9 million for 2022. The principal of the IPU's working capital portfolio remains secure, in line with its investment policy on working capital, as it holds a range of high-quality assets aimed at preserving principal.

Swiss regulations required the windows of the IPU Headquarters building to be replaced in 2018-2019, improving both energy efficiency and security, and the amortized cost of this work continues to be charged to the IPU's reserve for major repairs. In accordance with the decision of the Governing Council in Geneva in 2007, an additional amount of CHF 20,800 has been set aside in a reserve for the purpose of offsetting CO₂ emissions and to mitigate the environmental impact of operations.

After the decrease in net assets, the liquid portion of the IPU's Working Capital Fund stands at 91% of its 2022 target level. The target level was set by the Executive Committee in 2006 at one half of the IPU's approved annual operating budget, although the Working Capital Fund is now composed not only of available cash, cash equivalents and investments but also of IPSAS-required accounting adjustments which cannot be realized in cash. The accumulated balance of the Fund at 31 December 2022 amounted to CHF 10,504,791, of which CHF 2,279,986 related to IPSAS accounting adjustments for the headquarters building revaluation and amortization of the FIPOI building loan.

The following sections provide a summary of the revenues and expenses of the IPU during 2022, in particular where these amounts varied from the Consolidated Budget as identified in Statement V: Statement of Comparison of Budget and Actual Amounts.

2. Revenue

The principal sources of revenue for the IPU are the assessed contributions of Members and voluntary funds from donors. A small proportion of total revenue is earned from interest, investments and other sources, including meeting room rentals. In 2022, overall revenue decreased by 7% to CHF 13,590,879 (from CHF 14,708,115). Members' assessed contributions remained level at CHF 10,920,800, still below the level of total assessed contributions in 2007. Interest and investment earnings suffered from the global market falls, ending 2022 with an overall unrealized loss of CHF 774,448 across the combined IPU and closed Pension Fund portfolios. Other income of CHF 68,499 was received during the year.

2.1 Assessed contributions from Member Parliaments

In all, 176 Members and 14 Associate Members were assessed for a total of CHF 10,920,800 in 2022. By the end of 2022, all but CHF 977,455 of the current year (2022) assessments had been collected, with total arrears of contributions increasing year-on-year due mainly to the impact of the pandemic and to the situation of Venezuela, which owes a total of CHF 625,600 in arrears. There were 67 Members and Associate Members with contributions outstanding. Of the Members in arrears at the year-end, 12 were liable for suspension of all membership rights under Article 5.3 and 11 were liable for loss of voting rights under Article 5.2.

2.2 Voluntary contributions

The 2022 budget for voluntary contributions was set at CHF 5.3 million. As a consequence of lower-than-expected programme expenditure and some grants not arriving when anticipated, actual expenditure of voluntary contributions was 73% of the budgeted amount.

At the start of 2022, the IPU had pledges from donors for future years totalling CHF 6.7 million. During the year, donors firmly committed an additional amount of CHF 3.8 million, subject to specific conditions set forth in agreements. Meanwhile, CHF 3.5 million was used (including adjustments) and the end-of-year balance of pledges from donors totalled CHF 7.0 million, most of which relates to multiyear agreements.

The total amount of voluntary contributions earned/spent in 2022 was CHF 3.4 million, similar to 2021.

2.3 Staff assessment

Six per cent of budgeted revenue came from the internal taxation of staff salaries. The rates of staff assessment, which are set by the International Civil Service Commission, are based upon the average tax rates in Geneva, London, Montreal, New York, Paris, Rome and Vienna. In line with IPSAS requirements, the IPU no longer recognizes this staff assessment element as either income or expenditure in Statement II: Statement of Financial Performance.

The IPU is contractually obliged to reimburse certain staff members for any national income taxes which are imposed on their IPU incomes. In 2022, CHF 30,585 was reimbursed to staff members who paid taxes to France.

2.4 Investment income and other revenues

In 2006, the IPU placed a portion of its funds in a balanced mutual fund in order to increase returns on the Working Capital Fund through diversification. Investment markets fell heavily at the beginning of 2022 due to the Ukraine crisis and continued to slide as the year progressed. As a consequence, the year-end value of the IPU and legacy Pension Fund portfolios reflected overall annual unrealized losses of CHF 774,448. The value of the mutual fund units held has so far recovered slightly at the beginning of 2023 due to improved market conditions. Towards the end of 2022, interest rates in Switzerland turned from negative to positive territory for the first time in eight years. The IPU was able to activate fixed-term deposit accounts for the first time since 2015 and will once again be able to earn risk-free returns from these accounts in the coming period. The IPU maintains its prudent stance towards investments, and deposits cash in banks with credit ratings of A or higher.

3. Expenditure

2022 was the first year of the implementation of the five-year IPU Strategy for 2022-2026. Through its five strategic objectives, the Strategy has given the IPU a renewed mandate to continue strengthening and connecting parliaments for peace, democracy and sustainable development, and 2022 has been a transitional year of adaptation to the new strategic approach. In line with the IPU's compliance with IPSAS, the IPU 2022 Consolidated Budget was organized according to the five objectives.

A total of 99.4% of the budget of the IPU is directly attributable to the activities planned to achieve the five objectives of the Strategy. The balance of 0.6% of expenditures comes from other charges, including grants and all contributions to reserves.

Further financial details can be found in Statement V: Statement of Comparison of Budget and Actual Amounts and in the segment reporting in note 17, while the Impact Report 2022 contains operational information.

3.1 Strategic Objective 1: Building effective and empowered parliaments

The IPU's new Strategy has refocused the Organization's efforts on building effective and empowered parliaments that are able to work autonomously and efficiently in the face of conflict, climate change, disinformation and economic turmoil that have continued to place exceptional pressure on parliaments around the world. The 2022 operating costs of activities towards achieving this objective were CHF 3,513,022 in total. Core budget expenditure was 6% under budget in total, with the savings made mainly in the areas of travel and language services. The voluntary budget included funds related to the Centre for Innovation in Parliament and the European Union-funded project in Djibouti, as well as to programmes for peace, security and countering terrorism, and to country partnerships with UNDP which were deferred.

3.2 Strategic Objective 2: Promoting inclusive and representative parliaments

Parliaments continue to make slow but steady progress on gender equality and youth participation. Core expenditure on representative and inclusive parliaments to produce more equal, stable and democratic societies was above budget by 4% with a total annual expenditure of CHF 1,197,138. Additional voluntary funds were also utilized in this area from DFATD Canada, Sida, Irish Aid and the parliaments of Qatar and the United Arab Emirates.

3.3 Strategic Objective 3: Supporting resilient and innovative parliaments

The COVID-19 pandemic highlighted the need for parliaments to be forward-looking, resilient and adapt their working practices quickly. The IPU's Centre for Innovation in Parliament grew further in 2022, providing a platform for parliaments to develop and share good practices in digital transformation strategies and practical methods for building capacity. Core expenditure ended the year exactly on budget, while expenditure of voluntary funds was half of its original target due to fewer activities being undertaken than planned during the transitional year.

3.4 Strategic Objective 4: Catalysing collective parliamentary action

The IPU's role in converting the collective voice of the parliamentary community into national and international action is central to its mission and the personal relationships that it helps to build between parliamentarians are invaluable. In 2022, the IPU organized dozens of in-person and virtual events, attended by thousands of parliamentarians, accounting for expenditures of CHF 7,159,283. Objective 4 finished the year under budget by 7% as both Assemblies came in below budget and voluntary expenditure was slightly lower than anticipated. The switch to selected virtual sessions of the governing bodies also helped to achieve expenditure reductions, especially in language services.

Comparative data on the core budget costs of each Assembly in 2022 is given in the tables below.

Comparative costs of the first Assembly (in CHF)

Item	Nusa Dua 2022	Virtual sessions 2021	Virtual sessions 2020
Permanent staff overtime	26,560	12,995	699
Temp. staff/contractual services	431,087	540,803	193,765
Travel & related expenses	184,669	0	0
Freight/communication	20,159	0	2,948
Supplies/equipment/services	27,783	0	0
Publications/web	0	0	716
Gifts/hospitality	6,679	250	75
Total expense	696,937	554,047	198,203

Comparative costs of the second Assembly (in CHF)

Item	Kigali 2022	Madrid 2021	Virtual sessions 2020
Permanent staff overtime	27,538	26,608	8,085
Temp. staff/contractual services	505,465	438,265	215,468
Travel & related expenses	198,678	214,787	100
Freight/communication	27,587	8,176	0
Supplies/equipment/services	37,182	2,726	0
Publications/web	116	0	0
Gifts/hospitality	2,300	3,426	0
Total expense	798,866	695,988	223,654

3.5 Strategic Objective 5: Strengthening the IPU's accountability

Accountability, transparency and efficient functioning at all levels of the IPU, for the Secretariat as well as for IPU Member Parliaments, is recognized as a critical factor for progress towards all the Strategic Objectives. This objective also includes expenditures on internal governance and oversight, the communications function, digital transformation, gender mainstreaming, work towards carbon neutrality and IPU support services (which include finance, administration and human resources services, office accommodation, asset depreciation, equipment rental, ICT and supplies). Total expenditure on this objective came in at CHF 3,289,717, 13% under budget due primarily to savings made in telecoms, postage and depreciation.

3.6 Other charges

An allowance for doubtful accounts is set aside to cover the write-off of outstanding debts. In 2022, some Members were less prompt in paying assessed contributions and the situation of Venezuela and its late payments remained unresolved. In accordance with IPSAS, provision is required for all debts more than two years old, and the reserve was therefore increased by CHF 45,987 to CHF 711,820 (34% of the total amount receivable from Members).

The annual grant to the Association of Secretaries General of Parliaments was CHF 13,842.

No addition to the reserve for major building repairs to IPU Headquarters was budgeted in 2022 as the level of the reserve was assessed to be adequate. The reserve currently stands at CHF 382,744. The Headquarters' windows were renovated in 2018 and 2019 and the depreciation cost of this is being offset against the accumulated reserve funds until 2043, as foreseen.

In accordance with the decision of the Governing Council in Geneva in 2007, an amount of CHF 20,800 was set aside in a reserve for the purpose of offsetting CO₂ emissions and to mitigate the environmental impact of operations. The total accumulated reserve of CHF 40,177 will be used for climate-change-related activities in 2023 and beyond.

The Parliamentary Solidarity Fund stood at CHF 92,744 at the end of the year. One request for travel support by the Solomon Islands, approved in 2019, was deferred due to the pandemic and will be used when circumstances permit.

4. Gender analysis

Under the IPSAS presentation of the Financial Statements, expenditure on the objective of advancing gender equality is shown directly in Statement V: Statement of Comparison of Budget and Actual Amounts. In 2022, gender-specific expenditure totalled CHF 1,221,180, which represents 8% of the IPU's total expenses.

Women are employed in the Secretariat in equal or greater numbers than men in both the professional and general service categories:

Representation in the Secretariat	2022		2021	
	No.	Per cent of total	No.	Per cent of total
Women on staff – general services	13	81%	12	80%
Women on staff – professional	14	50%	14	50%
Women on staff – total	27	61%	26	60%
Women recruited during year	1	50%	2	50%
Women promoted during year	2	50%	0	100%

5. Capital expenditures

In 2022, CHF 88,607 was spent on furniture, vehicles, equipment and premises, including the routine replacement of outdated IT and communications equipment.

Overall, capital expenditures ended the year at 59% of budget.

6. Staff pension fund

The closed legacy Pension Fund covers the pension commitments made to former employees of the IPU who have already retired. In compliance with IPSAS requirements, the accounts of this closed Pension Fund were consolidated into the IPU Financial Statements from 2012 onwards.

An actuarial study was carried out to calculate the valuation of the pension liabilities of the IPU as of 31 December 2022. The results of the study are set out in note 11 to the Financial Statements, along with details of all of the IPU's other employee benefit liabilities.

7. Recommendations

In accordance with Rule 13.3 of the financial regulations, it is recommended that the Governing Council approve the financial administration of the IPU and the financial results for 2022.

8. Management's responsibility for financial reporting

The management of the IPU is responsible for the reliability, integrity and objectivity of the accompanying financial statements and annual financial report. The financial statements have been prepared in accordance with IPSAS. Where necessary, the statements include amounts that are based on judgements and estimates by management. To assist management in fulfilling its responsibilities, a system of internal accounting controls has been established to provide reasonable assurance that the financial statements are accurate and reliable and that assets are safeguarded.

The Governing Council is responsible for approving the annual financial statements. The Governing Council has delegated certain responsibilities to the Internal Auditors, including the responsibility for reviewing the annual financial statements and meeting with management and the External Auditor, as necessary, on matters relating to the financial reporting process.

These financial statements have been audited by the External Auditor appointed by the Executive Committee.



Martin Chungong
Secretary General



Andrée Lorber
Director
Division of Support Services

9. External auditor's opinion

Report of the External Auditor on the financial statements: Audit Opinion

Opinion

We have audited the financial statements of the Inter-Parliamentary Union (the IPU), which comprise the statement of financial position (statement I) as at 31 December 2022, the statement of financial performance (statement II), the statement of changes in net assets (statement III), the statement of cash flows (statement IV) and the statement of comparison of budget and actual amounts (statement V) for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the IPU as at 31 December 2022 and its financial performance and cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (IPSAS).

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing. Our responsibilities under those standards are described in the section below entitled "Auditor's responsibilities for the audit of the financial statements". We are independent of the IPU in accordance with the ethical requirements relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and the auditor's report thereon

The IPU Secretary General is responsible for the other information, which comprises the financial report for the year ended 31 December 2022.

Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance on the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, on the basis of the work that we have performed, we conclude that there is a material misstatement in the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the IPU Secretary General and those charged with governance for the financial statements

The IPU Secretary General is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS and for such internal control as the Secretary General determines to be necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Secretary General is responsible for assessing the ability of the IPU to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going-concern basis of accounting, unless the Secretary General intends either to liquidate the IPU or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the IPU.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation or the overriding of internal control;
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the IPU;
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Secretary General;
- (d) Draw conclusions as to the appropriateness of the Secretary General's use of the going-concern basis of accounting and, on the basis of the audit evidence obtained, whether a material uncertainty exists in relation to events or conditions that may cast significant doubt on the ability of the IPU to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the IPU to cease to continue as a going concern;
- (e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Furthermore, in our opinion, the transactions of the IPU that have come to our notice or that we have tested as part of our audit have, in all significant respects, been in accordance with the financial regulations and rules of the IPU and legislative authority.

In accordance with Financial Regulation XIII of the IPU, we have also issued a long-form report on our audit of the IPU.

(Signed) Girish Chandra Murmu
Comptroller and Auditor General of India

10. Statement of financial position

INTER-PARLIAMENTARY UNION

Statement I:

Statement of Financial Position

at 31 December 2022

In CHF (Swiss francs)

	2022	2021
ASSETS		
Current assets		
Cash on Hand	12,839	8,005
Cash in current accounts	10,649,028	14,923,627
Cash held by investment fund manager	386,303	375,088
Term deposits and savings accounts	<u>1,001,623</u>	<u>47</u>
Subtotal cash and cash equivalents (Note 3)	12,049,793	15,306,766
Accounts Receivable		
from Members (Note 4)	1,392,833	1,313,881
from Donors (Note 4)	1,468,289	714,772
from Tax Reimbursements	25,844	23,786
Observers (Note 4)	<u>12,000</u>	<u>18,391</u>
Subtotal accounts receivable	2,898,966	2,070,829
Investments (Note 5)	6,154,873	5,845,177
Other current assets (Note 6)	<u>250,171</u>	<u>262,269</u>
Subtotal current assets	21,353,803	23,485,041
Non-current assets		
Fixed Assets (Note 7)		
Building and Grounds	7,256,378	7,514,097
Furnishings	32,386	6,660
General Equipment	-	12,833
IT Equipment	142,268	145,740
Vehicles	<u>-</u>	<u>-</u>
Subtotal fixed assets	7,431,032	7,679,331
Intangible assets (Note 8)	25,080	91,391
Accounts receivable from donors (Note 4)	1,323,360	-
Other non-current assets		-

Guarantee Deposit	<u>8,589</u>	<u>-</u>
Subtotal non-current assets	8,788,061	7,770,722
Total Assets	<u>30,141,864</u>	<u>31,255,763</u>
LIABILITIES		
Accounts Payable and Accrued Payables	283,115	288,259
Advances from Members	471,645	135,114
Deferred revenue (Note 9)	5,634,769	6,709,170
Loans (Note 10)	<u>189,600</u>	<u>189,600</u>
Subtotal current liabilities	6,579,129	7,322,143
Borrowings Long Term (Note 10)	4,597,949	4,730,962
Deferred Revenue (Note 9)	1,323,360	-
Other non-current liabilities (Note 9)	151,469	-
Closed Pension Fund (Note 11)	8,403,659	9,776,406
Other Employee benefits (Note 11)	<u>1,536,864</u>	<u>1,488,286</u>
Subtotal non-current liabilities	16,013,301	15,995,654
Total Liabilities	22,592,430	23,317,797
NET ASSETS		
Restricted Funds (Note 13)	422,921	429,624
Actuarial Gain (loss) recognized in net assets	3,378,276	3,894,620
Accumulated fund balance (Working Capital Fund after contribution)	<u>10,504,791</u>	<u>11,402,964</u>
Net Assets	<u>7,549,436</u>	<u>7,937,968</u>

11. Statement of financial performance

INTER-PARLIAMENTARY UNION

Statement II:

Statement of Financial Performance

for the year ended 31 December 2022

In CHF (Swiss francs)

	2022	2021
Revenue (Note 18)		
Assessed Contributions	10,920,800	10,931,800
Voluntary Contributions	3,376,028	3,316,779
Investment income	-774,448	428,449
Other Income	68,499	31,087
Total Revenue	13,590,879	14,708,115
Expenses (Note 18)		
Personnel Expenditure – permanent staff	8,561,253	8,490,222
Personnel Expenditure – temporary staff	3,269,474	3,267,217
Change in closed pension fund provision	-856,403	-837,083
Travel Expenditure	956,206	550,223
Contractual Services	1,155,748	1,469,453
Operating Expenses	612,655	496,622
Supplies, Materials and Equipment	151,859	114,034
Allowance for Doubtful Accounts	61,607	118,314
Grants and Honoraria	133,039	76,516
Depreciation and amortization of assets (Note 7 & 8)	403,217	441,194
Amortization of loan (Note 10)	56,586	58,099
Statutory Write-off of Member Contributions	-	47,332
Loss on Foreign Exchange	-9,485	37,700
Total Expenses	14,495,755	14,329,845
Operating Surplus/(Deficit)	-904,876	378,270

12. Statement of changes in net assets

INTER-PARLIAMENTARY UNION

Statement III:

Statement of Changes in Net Assets

for the year ended 31 December 2022

In CHF (Swiss francs)

	Accumulated Fund Balance	Actuarial Gain (loss)	Reserves	Total
Restated Closing balance 31 December 2017	9,368,551	-3,259,247	434,251	6,543,555
Transfer to reserves (Note 14)	-28,100	-	28,100	-
Recognition of actuarial gain (loss)	-	-528,146	-	528,146
Net result 2018	<u>-576,073</u>	<u>-</u>	<u>-30,668</u>	<u>-606,741</u>
Closing balance 31 December 2018	8,764,378	-3,787,393	431,683	5,408,668
Transfer to reserves (Note 13)	-25,100	-	25,100	-
Recognition of actuarial gain (loss)	-	-475,346	-	-475,346
Net result 2019	<u>550,199</u>	<u>-</u>	<u>-18,874</u>	<u>531,325</u>
Closing balance 31 December 2019	9,289,477	-4,262,739	437,909	5,464,647
Transfer to reserves (Note 13)	-14,500	-	14,500	-
Recognition of actuarial gain (loss)	-	-230,372	-	-230,372
Net result 2020	<u>1,737,727</u>	<u>-</u>	<u>-10,790</u>	<u>1,726,937</u>
Closing balance 31 December 2020	11,012,704	-4,493,111	441,619	6,961,212
Transfer to reserves (Note 13)	-13,700	-	13,700	-
Recognition of actuarial gain (loss)	-	598,491	-	598,491
Net result 2021	<u>403,964</u>	<u>-</u>	<u>-25,694</u>	<u>378,270</u>
Closing balance 31 December 2021	11,402,968	-3,894,620	429,625	7,937,973
Transfer to reserves (Note 13)	-20,800	-	20,800	-
Recognition of actuarial gain (loss)	-	516,344	-	516,344
Net result 2022	<u>-877,372</u>	<u>-</u>	<u>-27,504</u>	<u>-904,876</u>
Closing balance 31 December 2022	10,504,796	-3,378,276	422,921	7,549,441

13. Statement of cash flows

INTER-PARLIAMENTARY UNION

Statement IV:

Statement of Cash Flows

for the year ended 31 December 2022

In CHF (Swiss francs)

	2022	2021
Cash flows from Operating Activities		
Operating surplus (deficit)	-904,876	378,270
Less investment income included in net result	<u>774,448</u>	<u>-428,449</u>
Net result excluding income from investing activities	-130,428	-50,180
Depreciation	403,217	441,194
Amortization of loan	56,586	58,099
(Increase) decrease in receivables	-2,151,497	1,351,510
(Increase) decrease in other current and non-current assets	3,509	24,032
Increase (decrease) in payables, deferred revenue & other current liabilities	731,816	3,048,768
Increase (decrease) in pension fund liability recognized on Statement II	-856,403	-960,727
Increase (decrease) in other employee benefit liabilities	<u>48,578</u>	<u>106,226</u>
Net cash flows from Operating Activities	-1,894,622	4,018,921
Cash flows from Investing Activities		
(Increase) decrease in Investments	-309,697	419,514
Investment income included in net result	-774,448	428,449
(increase) decrease in Intangible assets	-	-
(increase) decrease in Property, plant and equipment	<u>-88,607</u>	<u>-98,905</u>
Net cash flows from Investing Activities	1,172,751	749,058
Cash flows from Financing Activities		
Loan repayment to Swiss Federal Government	<u>-189,600</u>	<u>-189,600</u>
Net cash flows from Financing Activities	-189,600	189,600
Net increase/(decrease) in Cash and Cash Equivalents	-3,256,973	4,578,379
Cash and Cash Equivalents at beginning of period	15,306,771	10,728,392
Cash and Cash Equivalents at end of period	12,049,798	15,306,771

* The difference of CHF 5 between the Cash and Cash Equivalents at end of period according to Statement IV and Statement I is explained by a difference in rounding.

14. Statement of comparison of budget and actual amounts

INTER-PARLIAMENTARY UNION

Statement V:

Statement of Comparison of Budget and Actual Amounts

for the year ended 31 December 2022

In CHF (Swiss francs)

	Original Budget	Final Budget	Actual on comparable basis	Difference
Revenue				
Assessed contributions	10,920,800	10,920,800	10,920,800	-
Working Capital Fund	622,000	622,000	622,000	-
Staff assessment	1,089,400	1,089,400	1,078,667	10,733
Voluntary contributions	5,257,700	5,257,700	3,376,028	1,881,672
Interest	100,000	100,000	-481,892	581,892
Other income	<u>16,000</u>	<u>16,000</u>	<u>65,879</u>	<u>-49,879</u>
Total revenue	18,005,900	18,005,900	15,581,481	2,424,419
Expenses				
Building effective and empowered parliaments	4,889,800	4,889,800	3,513,022	1,376,778
Promoting inclusive and representative parliaments	993,100	993,100	1,197,138	-204,038
Supporting resilient and innovative parliaments	886,700	886,700	585,681	301,019
Catalysing collective parliamentary action	7,724,800	7,724,800	7,159,283	565,517
Strengthening the IPU's accountability	3,793,400	3,793,400	3,289,717	503,683
Other charges	107,600	107,600	75,448	32,152
Eliminations	<u>-389,500</u>	<u>-389,500</u>	<u>-248,073</u>	<u>-141,427</u>
Total expenses	18,005,900	18,005,900	15,553,084	2,452,816
Operating Surplus			28,397	28,397

NOTE 1 NATURE OF THE ORGANIZATION

1. The Inter-Parliamentary Union (IPU) is the international organization of parliaments and has a unique inter-State character. It is the focal point for worldwide parliamentary dialogue. Since 1889, the IPU has worked for peace and cooperation among peoples and for the firm establishment of representative institutions. The IPU shares the objectives of, and works in close cooperation with, the United Nations, where it has official Observer status at the UN General Assembly. It also cooperates with regional inter-parliamentary organizations, as well as with international, intergovernmental and non-governmental organizations which are motivated by the same ideals.
2. The IPU is an international parliamentary political organization and possesses international legal personality. It is representative in character and structure, subject to the rule of law, and governed by its Statutes. States and international organizations dealing with the IPU have recognized its standing, authority and capacity to act in the international arena, within the area of its functional responsibilities, as the international organization of parliaments.
3. The IPU's main decision-making body is its Governing Council, established by the IPU Statutes and consisting of three delegates of all of the Members of the IPU. It normally holds two sessions per year. The Governing Council elects the President of the IPU, appoints the Secretary General, sets the policy, guides the activities of the IPU and monitors their implementation. The Council adopts the work programme and budget, establishes the scale of assessed contributions, authorizes the acceptance of donations and legacies and approves the accounts. An Executive Committee composed of the President of the IPU and 15 members elected by the Governing Council proposes the annual work programme and budget to the Governing Council, oversees the administration of the IPU Secretariat, including establishing the scales of salaries and allowances of staff members, and appoints the External Auditor.
4. The IPU is funded by assessed contributions paid by its Members and voluntary contributions from Members and donors. The IPU operates within the framework of an annual work programme and budget, which provides the appropriations that constitute the expenditure authorizations approved by the Governing Council for each financial year. The approval of the appropriations provides the Secretary General with the authority to commit and authorize expenses and to make payments for the purposes assigned within the limits of the appropriations.
5. Since 1 January 2005, the IPU has been affiliated to the United Nations Joint Staff Pension Fund (UNJSPF). The IPU has a closed Pension Fund which is governed by the Regulations of the Pension Fund for members of staff of the IPU. In accordance with these Regulations, the assets of the Pension Fund are administered separately from those of the IPU. The Pension Fund is administered by a Management Board comprising a representative of the IPU's Executive Committee, who serves as President of the Board, the Secretary General, an expert in financial administration appointed by the Executive Committee, a representative of the staff of the IPU and a representative of the current retirees who are beneficiaries of the Fund. The Regulations of the Fund provide that the IPU is fully responsible for the benefits owed to existing pensioners and their survivors.
6. The Financial Regulations of the Inter-Parliamentary Union is the overall instrument governing the IPU's financial administration.

NOTE 2 ACCOUNTING POLICIES AND BASIS OF PRESENTATION

The Financial Statements have been prepared on a full accrual and going-concern basis and the accounting policies have been applied consistently throughout the period. The Statements comply with the requirements of International Public Sector Accounting Standards (IPSAS). IPSAS 41, related to changes in accounting for financial instruments, amendments to IPSAS 36 related to long-term interest in Associates and Joint Ventures, amendments to IPSAS 19 related to Collective and Individual Services and IPSAS 42 related to Social Benefits will be adopted when they become effective as postponed to 1 January 2023 by the IPSAS Board COVID-19 Deferral of Effective Dates adopted in November 2020. IPSAS 43 related to Leases, issued by the IPSAS Board in February 2022, will be adopted on its effective date of 1 January 2025.

The Financial Statements include the accounts of the IPU and the accounts of the closed Pension Fund. All internal transactions and balances are eliminated on consolidation.

Advances from Members

Advances from Members represent advance payment of assessed contributions for future financial periods received during the current reporting period.

Borrowing

Borrowing includes an interest-free loan from the Swiss Confederation, which is valued at amortized cost using the effective interest rate methodology.

Cash Flow Statement

The cash flow statement is prepared using the indirect method.

Cash, investments and other financial assets

Cash and cash equivalents include cash in hand, deposits held at call with banks, savings deposits without term limit and term deposits held up to 90 days. Investments include shares in mutual funds valued at market value. All investments are publicly traded, readily convertible to cash and subject to limited risk of change in value.

Closed Pension Fund

Prior to becoming a participating organization in the UNJSPF, the IPU had its own pension fund, established in 1965. The Pension Fund was closed to new members on 1 January 2005 and continues for those who were pensioners (including survivors) at the time of closure under the management of a Board. The IPU's representative on the Pension Board provides a report to the Executive Committee each year on the activities and status of the Pension Fund. In accordance with the requirements of IPSAS, the assets, liabilities, revenue and expense of the Pension Fund have been consolidated into the IPU's Financial Statements. The unfunded liability of the closed Pension Fund is a liability of the IPU. In addition, active staff members with permanent contracts dated earlier than 1 May 1996 have the option of retiring at age 60 rather than at age 62 as provided in the UNJSPF regulations. Eligible staff members who chose this option contribute to a Bridge Pension, to which the IPU also contributes. The IPU is ultimately responsible for any unfunded liability resulting from this benefit.

Employee benefits

Provisions are established for the liabilities for separation benefits payable (repatriation grants and travel) as determined by an independent actuary using the projected unit credit actuarial methodology and encashment of accumulated leave calculated by the IPU at nominal value. In addition, provisions are established for home leave deferred, overtime earned but not paid at the reporting date and education grants payable at the reporting date that have not been included in current expenditure.

Active employees participate in the UNJSPF, of which the IPU is a member organization. The UNJSPF was established by the United Nations General Assembly to provide retirement, death, disability and related benefits to employees. The Pension Fund is a funded, multi-employer defined benefit plan. As specified by Article 3(b) of the Regulations of the Fund, membership in the Fund shall

be open to the specialized agencies and to any other international, intergovernmental organization which participates in the common system of salaries, allowances and other conditions of service of the United Nations and its specialized agencies.

The plan exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets, and costs to individual organizations participating in the plan. The IPU, in line with the other participating organizations in the Fund, is not in a position to identify its share of the underlying financial position and performance of the plan with sufficient reliability for accounting purposes, and hence has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 39. The IPU's contributions to the plan during the financial period are recognized as expenses in the Statement of Financial Performance.

Expense recognition

Expenses are recognized as goods are received and services are rendered.

Financial Instruments

Financial instruments are recognized when the IPU becomes a party to the contractual provisions of the instrument and are derecognized when the right to receive cash flow from another entity in connection with a financial asset or the obligation to deliver cash to another entity in connection with a financial liability has expired.

Investments are non-derivative financial assets designated as held for trading and are valued at fair value through surplus and deficit based on quoted active market prices at the reporting date. Cash and cash equivalents represent financial assets held for short-term periods and are valued at nominal value at the reporting date. Cash deposits held for periods longer than 12 months are valued at fair value through surplus and deficit.

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on active markets comprising assessed contributions and other amounts receivable in cash. Short-term receivables are valued at amortized cost. Longer-term receivables covering arrears for Members are valued at amortized cost less allowances for estimated irrecoverable amounts. Voluntary contributions receivable in currencies other than Swiss francs are revalued to reflect the value in Swiss francs at the reporting date.

Accounts payable and borrowings are non-derivative financial liabilities with fixed payments not quoted on an active market that are payable in cash. Accounts payable, due to their short-term nature, are valued at nominal value, which is the equivalent of amortized cost. Borrowings (loans) are valued at amortized cost using the effective interest rate method.

Foreign currency transactions

The functional currency of the IPU is the Swiss franc (CHF) and these Financial Statements are presented in that currency. All transactions occurring in other currencies are translated into Swiss francs using the United Nations official rate of exchange on the date of the transaction. Both realized and unrealized gains and losses resulting from the settlement of such transactions and from the translation at the reporting date of assets and liabilities denominated in currencies other than Swiss francs are recognized in the Statement of Financial Performance.

Fixed assets

Equipment is valued at historic cost less accumulated depreciation and impairment. Equipment or sets of equipment and other fixed assets costing in excess of CHF 2,000 are capitalized as an asset. The IPU Headquarters building is valued at fair value as determined by an independent valuation in accordance with International Valuation Standards as at 31 December 2012. No further revaluation will be undertaken. The IPU reviews the value of its property and equipment at the end of each reporting period to determine whether carrying values are recoverable and to determine the extent of any impairment loss with any resulting impairment charged as an expense.

The fair value of buildings and the historic cost of each item of equipment in its class of equipment are depreciated on a straight-line basis so as to write off the full cost of fixed assets over their estimated useful lives, which are estimated as follows:

Category	Useful Life
Buildings – original structure	100 years
Buildings – new structure	75 years
Buildings – technical installations and equipment	30 years
Buildings – interior works	40 years
Buildings - windows	25 years
Furnishings	10 years
Vehicles	5 years
General equipment	4 years
IT hardware and software	4 years

The initial recognition of the difference between cost and fair value of the Headquarters building has been recognized directly in revaluation surplus, which forms part of the net assets. Accumulated depreciation is eliminated against the gross carrying amount of the building and the net amount restated to the revalued amount.

The land on which the Headquarters building sits has been made available to the IPU by the Canton of Geneva, which has granted, through the *Fondation des immeubles pour les organisations internationales* (FIPOI), surface rights, including the right to construct buildings for a period of 50 years with an option of an extension for an additional period. These surface rights were acquired by the IPU at no cost and no value has been recognized in the Statement of Financial Position as the IPU has only limited authority to dispose of the rights which revert to the Republic and Canton of Geneva unless renewed.

Official gifts are considered heritage items and no value has been recognized in the Statement of Financial Position.

Intangible assets

Costs associated with the development of software and the IPU's website are capitalized at historic cost and depreciated over a useful life of four years if they exceed a threshold of CHF 2,000.

Inventories

Stocks of publications for future distribution are written down to a net realizable value of zero in each reporting period.

Investments

Investments in long-term bonds held to maturity are valued at fair value at the reporting date. Investments in shares in money market funds available for trading are valued at fair value at the reporting date.

Net assets

Net assets include the unrestricted accumulated surplus and deficit of the IPU, which comprise its Working Capital Fund, revaluation surplus reflecting the difference between historic cost and current value of the Headquarters building and reserves established by the IPU Governing Council for Headquarters building maintenance and for carbon emissions offset.

Payables and accruals

Accounts payable include invoices received from suppliers not yet settled, including the revaluation of invoices payable in currencies other than Swiss francs. Accounts payable are valued at fair value through surplus and deficit. Accruals are liabilities for the cost of goods and services that have been received by or provided to the IPU during the year and which have not been invoiced by suppliers at the reporting date.

Provisions

Provisions are recognized when the IPU has a legal or constructive obligation as a result of a past event, whereby 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 from assessed contributions are recognized when they become due. An allowance for doubtful receivables is recorded at the end of each fiscal period equal to the arrears of Members' contributions older than two years. For all other receivables an allowance for non-recovery is established based on a review of the outstanding amounts at the reporting date. Recoverable taxes paid in the jurisdictions in which the IPU is located are recognized as receivables when they become due in accordance with the agreements with each jurisdiction. Donor contributions receivable in currencies other than Swiss francs are revalued at the reporting date.

Revenue Recognition

Assessed contributions are recognized as revenue at the beginning of each year. Voluntary contributions supported by enforceable agreements are recognized as revenue at the time the agreement becomes binding unless the agreement includes conditions related to specific performance or the return of unexpended balances. If the agreements contain conditions, revenue recognition is deferred until the liability is discharged through performance of the specific conditions contained in the agreement.

Revenue from investments is recognized when earned. Other revenues are recognized when services are performed or when products are shipped.

Segment reporting

Segment reporting reflects the strategic directions of the Organization as established by the Governing Council.

Taxes

The IPU has been expressly recognized by the two countries in which it is physically located, Switzerland and the United States of America, as an international organization entitled to the appropriate privileges and immunities. It enjoys a special international organization tax-exempt status in both countries. In Switzerland, under the terms of a 1971 Accord, the IPU is exempted from direct and indirect federal, cantonal and community taxes and is subject to the same duties as other international organizations. In the United States, the IPU is exempted from direct federal taxes and duties under the terms of the International Organizations Immunities Act and is exempted from the payment of New York State and local sales and use taxes.

Use of Estimates

The preparation of the Financial Statements in conformity with IPSAS requires management to make estimates and assumptions that affect the amounts reported in the Financial Statements and accompanying notes. These estimates are based on management's best knowledge of current events and actions that the IPU may undertake in the future. Actual results could differ from these estimates. Estimates include, but are not limited to, separation benefit obligations, financial risk on accounts receivable, degree of impairment of fixed assets and valuation of the Headquarters building. Changes in estimates are reflected in the Statement of Financial Performance in the period in which they become known.

NOTE 3 CASH AND CASH EQUIVALENTS

Cash deposits are held in instant-access bank accounts, interest-bearing accounts and short-term deposits of 90 days or fewer. The average rate of interest earned on interest-bearing accounts and investments was negative in 2022 (and negative in 2021).

Restricted funds included funds held on behalf of donors for use in carrying out specific performance required by binding agreements, funds allocated for repairs and renovation of the IPU headquarters building and cash held on behalf of the Pension Fund, which must be held separately from those of the IPU in accordance with the Pension Fund Regulations.

The Organization minimizes the credit risk involved by holding all of its funds in banks with high Fitch, Moody's or Standard and Poor's credit ratings as follows:

Amount in CHF	31 December 2022	31 December 2021
Cash on hand	12,839	8,005
Current accounts with banks - Swiss francs	8,695,276	12,240,021
Current accounts with banks - Other currencies	1,051,692	1,839,234
Total unrestricted cash and current accounts	9,746,968	14,079,255
Current accounts with banks restricted reserve funds - Swiss francs	382,744	393,534
Current accounts with banks - Other currencies	-	-
Current accounts with banks pension fund - Swiss francs	519,317	450,838
Total restricted cash and current accounts	902,060	844,371
Subtotal cash and current accounts	10,649,028	14,923,627
Cash held by investment fund manager	330,161	325,443
Pension fund cash held by investment fund manager - Swiss francs	56,142	49,645
Subtotal cash held by investment fund managers	386,303	375,088
Term deposit USD	47	47
Term deposit CHF	1,001,576	-
Subtotal term deposits and savings accounts	1,001,623	47
Total current cash and cash equivalents	12,049,793	15,306,766

Cash and cash equivalents	AA	A	Not rated	Total
Amount	682,206	11,354,748	12,839	12,049,793
Per cent	6%	94%	0%	100%

Term deposits whose maturity occurs more than ninety days beyond the reporting date are classified as non-current cash and cash equivalents.

The Organization has no confirmed credit lines but does maintain limited and informal overdraft arrangements with banks in which it has funds on deposit. These arrangements may be withdrawn by the banks at any time. No overdraft facilities were required in 2022 or 2021.

Member or Associate Member (amount in CHF)	2022	2021	2020	2019	2018	2017	2016	Special Debt	Total
Malta	13,038	-	-	-	-	-	-	-	13,038
Marshall Islands	11,000	11,000	828	-	-	-	-	-	22,828
Mauritania	11,000	10,940	-	-	-	-	-	20,324	42,264
Micronesia (Federated States of)	559	-	-	-	-	-	-	-	559
Myanmar	12,100	203	-	-	-	-	-	-	12,303
Niger	11,000	10,752	-	-	-	-	-	-	21,752
Pakistan	2,927	-	-	-	-	-	-	-	2,927
Palestine	11,000	11,000	-	-	-	-	-	-	22,000
Paraguay	13,100	445	-	-	-	-	-	-	13,545
Rwanda	11,000	-	-	-	-	-	-	-	11,000
Saint Lucia	11,000	11,000	11,000	10,400	10,400	-	-	-	53,800
Saint Vincent and the Grenadines	11,000	11,000	11,000	10,400	-	-	-	-	43,400
Sao Tome and Principe	11,000	11,000	-	-	-	-	-	-	22,000
Senegal	12,100	-	-	-	-	-	-	-	12,100
Seychelles	11,000	-	-	-	-	-	-	-	11,000
Sierra Leone	11,000	239	-	-	-	-	-	-	11,239
Somalia	6,663	-	-	-	-	-	-	-	6,663
Suriname	12,100	-	-	-	-	-	-	-	12,100
Syrian Arab Republic	12,100	12,100	-	-	-	-	-	-	24,200
Togo	11,000	-	-	-	-	-	-	-	11,000
Tonga	10,800	-	-	-	-	-	-	-	10,800
Tunisia	14,200	-	-	-	-	-	-	-	14,200
Tuvalu	11,000	11,000	-	-	-	-	-	-	22,000
Uganda	11,967	-	-	-	-	-	-	-	11,967
United Republic of Tanzania	12,007	-	-	-	-	-	-	-	12,007
Vanuatu	11,000	11,000	11,000	10,214	-	-	-	-	43,214
Venezuela (Bolivarian Republic of)	99,700	99,700	99,700	81,300	81,300	79,700	84,200	-	625,600
Yemen	12,100	583	-	-	-	-	-	-	12,683
Zimbabwe	11,927	-	-	-	-	-	-	-	11,927
Andean Parliament	2,200	2,200	2,200	2,100	1,800	-	-	-	10,500
Central American Parliament	1,100	188	-	-	-	-	-	-	1,288
Inter-Parliamentary Committee of the West African Economic and Monetary Union (WAEMU)	1,100	1,100	1,100	40	-	-	-	-	3,340
Latin American and Caribbean Parliament (PARLATINO)	2,495	-	-	-	-	-	-	-	2,495
Parliament of the Economic Community of West African States (ECOWAS)	1,100	771	-	-	-	-	-	-	1,871
Parliament of the Central African Economic and Monetary Community (CEMAC)	1,100	1,100	1,100	963	-	-	-	-	4,263
East African Legislative Assembly (EALA)	1,100	1,100	-	-	-	-	-	-	2,200
Parliamentary Assembly of La Francophonie (APF)	2,200	-	-	-	-	-	-	-	2,200
Total	977,455	415,378	214,000	178,878	116,610	97,808	84,200	20,324	2,104,653
<i>Comparative Figures 2021</i>			365,870	270,957	177,212	113,139	84,200	20,324	
Less doubtful accounts			-214,000	-178,878	-116,610	-97,808	-84,200	-20,324	-711,820
Net receivable from Members	977,455	415,378	0	0	0	0	0	0	1,392,833

Under Rule 10.2 of the Financial Regulations, the Secretary General may, after full investigation, write off losses of assets, provided that a statement of all such amounts written off shall be submitted to the Auditors with the annual accounts.

Allowance for Doubtful Accounts (contributions)

The IPU has established an allowance for doubtful accounts. This allowance is the best estimate of accounts, including Member contributions, that have been recorded as income and set up as accounts receivable, but which may never be received.

After a net increase of the provision of CHF 45,987 (increase of CHF 112,883 in 2021), the allowance for doubtful accounts stood at CHF 711,820 representing 34% (34% in 2021) of the outstanding arrears.

Amount in CHF	31 December 2022	31 December 2021
Opening Balance	665,833	552,949
Change in provision	45,987	112,883
Closing Balance	711,820	665,833

Receivables from donors

The IPU receives funds from several donors for the implementation of various activities.

Accounts receivable from donors	31 December 2022	31 December 2021
Equatorial Guinea	9,133	9,423
China	-	183,000
WHO	32,426	45,750
Spain Madrid Assembly	-	93,195
IDEA Inter Pares	72,898	227,422
SIDA	1,323,360	-
European Union - Djibouti	30,472	155,982
Subtotal current	1,468,289	714,772
SIDA	1,323,360	-
Subtotal non-current	1,323,360	-
Total	2,791,649	714,772

Tax reimbursements

The IPU is entitled to reimbursement by the Swiss Confederation under the terms of its headquarters agreement of VAT and withholding taxes paid and taxes withheld on Pension Fund investments. The amount represents the amount receivable for taxes paid in 2022.

NOTE 5 INVESTMENTS

In accordance with the financial regulations and the investment policy approved by the Executive Committee, monies not needed for immediate requirements are invested in mutual funds. Total return on investments in 2022 was a net loss of CHF 774,448 (gain of CHF 279,876 in 2021).

Amount in CHF	31 December 2022	31 December 2021
Current assets		
Term Deposits	2,000,000	0
Mutual funds	2,480,002	2,933,712
Mutual funds - flexible fund CHF	1,674,872	2,911,465
Total Investments	6,154,873	5,845,177

Investments in mutual funds are available for trading but are generally held for investment income. The units held by the IPU and the Pension Fund are valued at fair value at the reporting date. In addition, in 2022 IPU invested in two term deposits for CHF 1,000,000 each, one for six months expiring 23 May 2023 and one for nine months expiring 25 August 2023, which are recognized as investments as they are held longer than 90 days or three months.

NOTE 6 OTHER CURRENT AND NON-CURRENT ASSETS

The IPU has already paid some expenses that relate to 2023 for items such as insurance, subscriptions and postage meter deposits. These disbursements have been reported as current assets. Other current assets also include staff benefit and travel advances. The guarantee deposit on leased facilities in New York City is recognized as a non-current asset.

Amount in CHF	31 December 2022	31 December 2021
Project and travel advances	22,415	71,965
Prepaid expenses	227,756	181,182
Guarantee deposit	-	9,121
Total other current assets	250,171	262,269
Guarantee deposit	8,589	-
Total other non-current assets	8,589	-
Total other assets	258,760	262,269

NOTE 7 PROPERTY, PLANT AND EQUIPMENT

The IPU has a Headquarters building and annex in Geneva, Switzerland. The building's original structure was completely renovated in 2002 and a new section built to extend and develop the basement area. The building is located on land owned by the Canton of Geneva, which has been set aside for the use of the IPU for a period of 50 years from 2003 to 2052, with an option to extend. The terms of a lease agreement were finalized during 2009 between the Canton of Geneva, the Federal Government of Switzerland and the IPU, and the agreement was signed at the end of 2010 (see Note 2 – Fixed assets).

At 31 December 2011, the value of the building was determined by an independent external valuation consultant as the fair value of the building at that date in accordance with International Valuation Standards. Depreciation has been computed and included in the fair value recognized as the deemed cost as of the date of implementation of IPSAS. In 2018 and 2019 the windows were replaced, and the building value adjusted and depreciation commenced.

Depreciation is recorded in accordance with the policy described in Note 2. A detailed inventory is kept for all computer-related hardware and software as this is routinely replaced and upgraded and represents a significant investment.

Amount in CHF	Buildings and grounds		Furnishings		Information Technology, Communications Equipment		General Equipment		Vehicles		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Historic cost at 01 January	10,017,551	10,017,551	563,289	563,289	493,323	433,624	105,026	105,026	69,981	69,981	11,249,169	11,189,470
Additions	-	-	27,990	-	60,617	98,905	-	-	-	-	88,607	98,905
Disposals	-	-	-	-	-14,937	-39,206	-	-	-	-	-14,937	-39,206
Historic cost at 31 December	10,017,551	10,017,551	591,279	563,289	539,003	493,323	105,026	105,026	69,981	69,981	11,322,839	11,249,169
Accumulated depreciation	-2,503,453	-2,245,734	-556,629	-552,216	-347,583	-324,694	-92,193	-76,793	-69,981	-69,981	-3,569,839	-3,269,417
Adjust depreciation for disposals	-	-	-	-	14,937	39,206	-	-	-	-	14,937	39,206
Depreciation current period	<u>-257,719</u>	<u>-257,719</u>	<u>-2,264</u>	<u>-4,413</u>	<u>-64,089</u>	<u>-62,095</u>	<u>-12,833</u>	<u>-15,400</u>	-	-	<u>-336,905</u>	<u>-339,627</u>
Total accumulated depreciation	-2,761,173	-2,503,453	-558,893	-556,629	-396,735	-347,583	-105,026	-92,193	-69,981	-69,981	-3,891,807	-3,569,839
Net carrying value at 01 January	7,514,097	7,771,817	32,386	6,660	145,740	108,930	12,833	28,233	-	-	7,431,032	7,679,331
Net carrying value at 31 December	7,256,378	7,514,097	32,386	6,660	142,268	145,740	-	12,833	-	-	7,431,032	7,679,331

NOTE 8 INTANGIBLE ASSETS

In 2018 the IPU completed work on an extensive revision to its public website and open data platform. The development included a complete redesign of the site and the data platform making information accessible and including a greater depth of parliamentary data. The site became live and active in 2018. Depreciation commenced when the site became fully functional. Additional work was completed in 2019 and 2020 to make the site more interactive for use by Members.

Amount in CHF	Website development	
	2022	2021
Historic cost at 01 January	406,267	406,267
Additions		
Disposals	-	-
Historic cost at 31 December	406,267	406,267
Accumulated amortization	-314,875	-213,309
Amortization current period	-66,311	-101,567
Net carrying amount	-381,187	-314,875
Net carrying value at 01 January	91,391	192,958
Net carrying value at 31 December	25,080	91,391

NOTE 9 DEFERRED REVENUE

The IPU receives funds from several donors for the implementation of various activities. Total disbursements from voluntary funds in 2022 were CHF 3,376,028 (CHF 3,316,779 in 2021). At 31 December 2022 the net advance of voluntary contributions was CHF 6,958,129 (CHF 6,709,170 in 2021).

Project (Amount in CHF)	Funder	Unexpended Balance of Prior Commitments	New/Expired Commitment in 2022	Funds used in 2022	Adjustments	Deferred Revenue (Balance of Commitment)
Gender	Irish Aid	-85,253	-166,152	75,155	-	-176,250
Reconciliation	CIDA	-8,261	-	8,261	-	-
Global Funding	SIDA (see note)	-343,000	-3,548,539	1,133,866	-	-2,757,673
DFATD	Canada	-1,295,382	-	450,331	-	-845,051
Development Funding	China	-1,375,343	-	237,629	-	-1,137,715
Parliamentary Solidarity Fund	IPU Members	-92,744	-	-	-	-92,744
DR Congo	UNDP (see note)	-4,082	-	-	4,082	-
Inter Pares	IDEA	-	-95,118	95,118	-	-
CEDAW Handbook	Swiss Parliament	-25,500	-	10,380	-	-15,120
Handbook on Statelessness	UNHCR	-826	-	-	-	-826
MNCH	WHO	-172,252	13,324	158,928	-	-
Migration	Micronesia (Federated States of)	-52,441	-	-	-	-52,441
Peace	Micronesia (Federated States of)	-54,600	-	-	-	-54,600
Governance	Micronesia (Federated States of)	-63,700	-	-	-	-63,700
LDC5 Conference	UNOHRLLS	-45,694	-	17,988	-	-27,706
Djibouti	European Union	-215,751	1,845	136,318	-	-77,587
Countering Terrorism	China	-213,546	-1,800	212,169	-	-3,177
Peace and Gender	Arab Parliament	-49,249	-	32,044	-	-17,205
Peace and Gender	United Arab Emirates	-394,175	-	176,603	-	-217,571
Global Funding	Qatar	-2,050,000	-	631,239	-	-1,418,761
Equatorial Guinea	Equatorial Guinea (see note)	-167,370	15,901	-	151,469	-
Total	CHF	-6,709,170	-3,780,539	3,376,028	155,552	-6,958,129
<i>Comparative Figures 2021</i>		-3,612,934	-6,413,016	3,316,779	-	-6,709,171

Note -

CHF 1,323,260 of the deferred revenue from Sida will be expended in 2024 and is classified as a non-current liability.

Adjustments reflect the closure of the UNDP Democratic Republic of the Congo project and the transfer of the balance related to FX differences to IPU revenue with the authority of the donor and the reclassification of the deferred revenue in connection with the Equatorial Guinea project to other current liabilities.

NOTE 10 BORROWINGS

The IPU borrowed CHF 9,480,000 from the Swiss Confederation for the construction and renovation of its Headquarters building in Geneva, Switzerland. The loan is valued at amortized cost using the effective interest rate method based on the Swiss franc Swiss Confederation Bond (fixed 30 years) in effect at 1 January 2012 of 1.15%.

The loan was interest-free and currently requires reimbursement of the principal only. The value of the interest with a rate of 1.15% waived in 2022 was CHF 56,586 (CHF 58,099 in 2021) and the value of interest to be waived until the final payment on the loans due in 2052 is CHF 900,451 (CHF 957,038 in 2021). The value of the waiver of interest is equal to the future value of the loan discount.

The total borrowing and amounts outstanding shown as current and non-current liabilities at the reporting date are as follows:

Amount in CHF	2022	2021
Current liabilities		
FIPOI loan payable - current	189,600	189,600
Non-current liabilities		
FIPOI loan payable - 1-5 years	948,000	948,000
FIPOI loan payable - after 5 years	<u>4,550,400</u>	<u>4,740,000</u>
Subtotal non-current liabilities	5,498,400	5,688,000
Less discounting of non-current at effective interest rate	<u>900,451</u>	<u>957,038</u>
Subtotal non-current liabilities at amortized cost	4,597,949	4,730,962
Total borrowings	4,787,549	4,920,562

NOTE 11 EMPLOYEE BENEFIT LIABILITIES

United Nations Joint Staff Pension Fund (UNJSPF)

(a) The IPU is a member organization participating in the United Nations Joint Staff Pension Fund (the "Fund"), which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits to employees. The Fund is a funded, multi-employer defined benefit plan. As specified in Article 3(b) of the Regulations of the Fund, membership in the Fund shall be open to the specialized agencies and to any other international, intergovernmental organization which participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies.

The Fund exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual organizations participating in the Fund. The IPU and the Fund, in line with the other participating organizations in the Fund, are not in a position to identify the IPU's proportionate share of the defined benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Hence, the IPU has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 39, Employee Benefits. The IPU's contributions to the Fund during the financial period are recognized as expenses in the Statement of Financial Performance.

The Fund's Regulations state that the Pension Board shall have an actuarial valuation made of the Fund at least once every three years by the Consulting Actuary. The practice of the Pension Board has been to carry out an actuarial valuation every two years using the Open Group Aggregate Method. The primary purpose of the actuarial valuation is to determine whether the current and estimated future assets of the Fund will be sufficient to meet its liabilities.

The IPU's financial obligation to the Fund consists of its mandated contribution, at the rate established by the United Nations General Assembly (currently at 7.9% for participants and 15.8% for member organizations) together with any share of any actuarial deficiency payments under Article 26 of the Regulations of the Pension Fund. Such deficiency payments are only payable if and when the United Nations General Assembly has invoked the provision of Article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Fund as of the valuation date. Each member organization shall contribute to this deficiency an amount proportionate to the total contributions which each paid during the three years preceding the valuation date.

The latest actuarial valuation for the Fund was completed as of 31 December 2021, and a roll forward of the participation data as of 31 December 2021 to 31 December 2022 will be used by the Fund for its 2022 financial statements.

The actuarial valuation as of 31 December 2021 resulted in a funded ratio of actuarial assets to actuarial liabilities of 117.0% (107.1% in the 2019 valuation). The funded ratio was 158.2% (144.4% in the 2019 valuation) when the current system of pension adjustments was not taken into account.

After assessing the actuarial sufficiency of the Fund, the Consulting Actuary concluded that there was no requirement, as of 31 December 2019, for deficiency payments under Article 26 of the Regulations of the Fund as the actuarial value of assets exceeded the actuarial value of all accrued liabilities under the plan. In addition, the market value of assets also exceeded the actuarial value of all accrued liabilities as of the valuation date. At the time of this report, the General Assembly has not invoked the provision of Article 26.

Should Article 26 be invoked due to an actuarial deficiency, either during the ongoing operation or due to the termination of the Fund, deficiency payments required from each member organization would be based upon the proportion of that member organization's contributions to the total contributions paid to the Fund during the three years preceding the valuation date. Total contributions paid to the Fund during the preceding three years (2019, 2020 and 2021) amounted to USD 8,505.27 million, of which 0.01% was contributed by the IPU.

During 2022, contributions paid to the Fund amounted to USD 1.104 million (2021 USD 1.03 million). Expected contributions due in 2023 are approximately USD 1.1 million.

Membership of the Fund may be terminated by decision of the United Nations General Assembly, upon the affirmative recommendation of the Pension Board. A proportionate share of the total assets of the Fund at the date of termination shall be paid to the former member organization for the exclusive benefit of its staff who were participants in the Fund at that date, pursuant to an arrangement mutually agreed between the organization and the Fund. The amount is determined by the United Nations Joint Staff Pension Board based on an actuarial valuation of the assets and liabilities of the Fund on the date of termination; no part of the assets which are in excess of the liabilities are included in the amount.

The United Nations Board of Auditors carries out an annual audit of the Fund and reports to the Pension Board and to the United Nations General Assembly on the audit every year. The Fund publishes quarterly reports on its investments and these can be viewed by visiting the Fund at www.unjspf.org.

(b) The IPU guarantees a legacy Pension Fund that will pay pensions to former employees and some current employees of the IPU based on various factors, including the number of years of service and salary at retirement. The legacy Pension Fund was closed to new members in 2005. The Pension Fund is governed directly by the IPU and has no independent governance structure. Under the terms of the IPU's Headquarters agreement with the Swiss Federal Council the Pension Fund is not subject to any Swiss Federal or Cantonal regulatory authority. Since the Pension Fund is closed and one-half of the actuarial determined liability is funded by investments the risk of the Pension Fund having a future impact on the cash flow of the Organization is minimal. The pension liability has been calculated by an independent actuary utilizing the projected unit credit methodology. Each year, the IPU reviews and selects assumptions that will be used in the valuation. For the 2021 valuation, the assumptions utilized are as follows:

	31-Dec-22	31-Dec-21
Actuarial assumptions		
Discount rate	2.10%	0.20%
Salary increases	1.20%	1.00%
Pension increase	1.20%	1.00%

The net liability to the IPU, which is the difference between the adjusted market value of the assets of the pension fund and the present value of the accrued pension liability, is as follows:

Amount in CHF	2022	2021
Accrued Pension Liability	8,403,659	9,776,406
Pension Fund Assets	2,263,320	3,430,996
Net Liability	-6,140,339	-6,345,410

	31-Dec-22	31-Dec-21
Change in benefit obligation		
Benefit obligation at 01 January	9,776,406	11,335,624
Current service cost	2,631	10,024
Interest cost	18,675	21,679
Employee contributions	2,601	4,925
Pension paid by plan	-880,310	-997,355
Actuarial gain/loss	<u>-516,344</u>	<u>-598,491</u>
Benefit obligation at 31 December	8,403,659	9,776,406

Amounts recognized in the Net Assets

Amount recognized at beginning of period	-3,894,620	-4,493,111
Actuarial gain (loss) - Demographic	<u>516,344</u>	<u>598,491</u>
Cumulative amount recognized in net assets	-3,378,276	-3,894,620

Summary of membership data

Number of retirees	10	10
Number of active participants	1	1
Total insured salaries	127,728	123,851
Average age (years) of active participants	53.3	52.3
Average expected remaining service years of active participants	6.7	7.7

The calculation of the net liability to the IPU is made as a defined benefit obligation which requires the immediate recognition of actuarial gains and losses in a separate component of net assets in accordance with IPSAS 39, which became effective on 1 January 2018.

Sensitivity analysis

- Discount rate

Increasing the discount rate by 0.5% (from 2.1% to 2.6%) would reduce the present benefit obligation for the pensions by CHF 317,433 and the liability for the active members by CHF 5,078.

- Pension increase rate

Increasing the pension increase rate by 0.5% (from 1.2% to 1.7%) would increase the present benefit obligation for the pensions by CHF 240,795 (no significant change for the remaining active member).

- Salary increase rate

Increasing the salary increase rate by 0.5% (from 1.2% to 1.7%) would increase the present benefit obligation for the active members by CHF 8,314.

- Life Expectancy

An increase in life expectancy by one year would increase the present benefit obligation for the pensions by CHF 727,660 but would not have an impact on the remaining active member.

(c) Post-employment benefits include separation benefits consisting of grants upon repatriation, repatriation travel and shipping of personal effects for certain internationally recruited personnel which are considered other long-term benefits, and the liability has been calculated using the projected unit credit actuarial methodology.

(d) Other short-term benefits concern the policy providing that staff members earn 30 days of annual leave credit each year, which may be taken or accumulated with up to 60 days paid on separation or retirement. A liability has been established equal to the nominal value of leave accumulated at the reporting date. At 31 December, the total liability of benefits payable to staff was:

Amount in CHF	2022	2021
Post employment benefits		
Reinstallation premiums	609,546	598,157
Grants for removal expenses	203,971	198,804
Subtotal	813,517	796,960
Other accumulated leave benefits		
Encashment of unused leave	723,348	691,326
Subtotal	723,348	691,326
TOTAL	1,536,864	1,488,286

NOTE 12 LEASES

The IPU has a five-year lease expiring in 2027 for office accommodation at 336 East 45th Street, New York, United States of America. The annual lease payment for 2022 was CHF 127,025 (CHF 121,285 in 2021). The lease is cancellable with six months' notice by the IPU.

NOTE 13 RESERVES

(a) The IPU has established a reserve to pay for major repairs to the Headquarters building at some later date. In September 2001, the Governing Council resolved to contribute CHF 55,000 per annum to this reserve beginning in 2008 until 2014. Beginning in 2018, the depreciation of the windows replaced in 2018 and 2019 has been charged to the reserve.

Amount in CHF	2022	2021
Opening Balance	393,534	404,324
Contributions		
Expenditures	10,790	10,790
Closing Balance	382,744	393,534

(b) The IPU has established a reserve for offsetting carbon emissions from IPU activities, especially those involving travel. In 2022, an amount of CHF 20,800 (CHF 13,700 in 2021) was contributed to the reserve to compensate for emissions of CO₂ from regular activities. Expenditures of CHF 16,714 in 2022 (expenditures of CHF 14,904 in 2021) were made on climate-change-related activities using funds from the reserve.

Amount in CHF	2022	2021
Opening Balance	36,091	37,295
Contributions	20,800	13,700
Expenditures	16,714	14,904
Closing Balance	40,177	36,091

NOTE 14 CONTINGENT LIABILITIES

During the course of 2022, several staff members received notices of tax assessment from the Ministry of Economy, Finance and Industry of France. The IPU is contractually obligated to reimburse to staff members any national taxes paid in respect to income earned from the IPU and it believes that all amounts for prior years were settled during 2022.

**NOTE 15 RECONCILIATION OF BUDGET TO ACTUAL
COMPARISON AND STATEMENT OF FINANCIAL
PERFORMANCE**

Amount in CHF	Operating	Financing	Investing	Total
Revenue on budgetary basis	15,581,481	-	-	15,581,481
Less staff assessment included in revenue	<u>1,078,667</u>	-	-	<u>-1,078,667</u>
Revenue net of staff assessment	14,502,814	-	-	14,502,814
Expense on budgetary basis	15,553,084	-	-	15,553,084
Less staff assessment	<u>-1,078,667</u>	-	-	<u>-1,078,667</u>
Expense net of staff assessment	14,474,417	-	-	14,474,417
Net result on budgetary basis	28,397	-	-	28,397
Presentation differences				
Less income from Working Capital Fund	<u>-622,000</u>	-	-	<u>-622,000</u>
Subtotal presentation differences	-622,000	-	-	-622,000
Entity difference - Pension Fund net result	-311,273	-	-	-311,273
Surplus per Statement of Financial Performance	-904,875	-	-	-904,875

In the budgetary comparison, transfers to the reserves are reported as expenses as they are charged to the revenue received from assessed contributions. On the Statement of Financial Performance, transfers from accumulated fund balance to reserves are reported as an adjustment to net assets and not included in current expense.

In the presentation of revenue and expense on a budgetary basis, staff costs are presented on a gross basis as established by the International Civil Service Commission (ICSC). The amount of the staff assessment less the amount of any reimbursement paid to staff members to cover national income taxes is presented as revenue. On the Statement of Financial Performance, staff costs are presented net of the staff assessment plus the amount of reimbursement paid to staff members. The difference in presentation has no impact on the presentation of the net result.

Amount in CHF	2022	2021
Gross Staff Assessment	1,109,252	1,042,007
Reimbursements	2022	2021
- France	30,585	36,964
- Canada	-	33,981
Total	30,585	70,945
Net Staff Assessment	1,078,667	971,062

NOTE 16 RELATED PARTY TRANSACTIONS

The IPU's main statutory bodies are the Assembly, the Governing Council and the Executive Committee, which are composed of representatives of Member Parliaments. The representatives do not receive remuneration from the IPU.

The IPU is managed by a Secretary General, appointed by the Governing Council, and senior officers (directors) appointed by the Secretary General and considered key management personnel. All are remunerated by the IPU. The aggregate remuneration paid to key management personnel includes salaries, allowances, statutory travel, pension contributions, medical and accident insurance, education grants, home leave and other entitlements paid in accordance with the Staff Rules and Regulations and applicable to all staff. All key management personnel are members of the UNJPSF and are eligible for participation in the Staff Health Insurance plan.

Key management personnel and their aggregate remuneration were as follows:

	2022	2022	2021	2021
	Number of individuals	Aggregate remuneration cost	Number of individuals	Aggregate remuneration cost
	(as an average)	(in CHF)	(as an average)	(in CHF)
Senior officers:	5.0		5.0	
Net salary and post adjustment		1,013,716		996,771
Employer medical and pension contributions		252,209		235,592
Other allowances		<u>94,469</u>		<u>97,964</u>
Subtotal		1,360,394		1,330,327
Separation benefits paid				
Total		1,360,394		1,330,327

There were no loans to key management personnel or to their close family members that were not available to other categories of staff. There was no other remuneration or compensation paid to key management personnel or their close family members.

The IPU has no ownership interest in associations or joint ventures and no controlled entities. The IPU's agreement with the UNJSPF requires that its salaries be established in accordance with those of the United Nations Common System. The policies are promulgated by the International Civil Service Commission (ICSC), which is an entity established by the UN General Assembly. The methodology for determining general service staff salaries in accordance with salary surveys are determined by the ICSC. Salaries for professional staff, levels of dependency allowance and education grants are recommended by the ICSC to the UN General Assembly, which makes a decision for the entire UN Common System, and the final decision rests with the governing bodies of the IPU.

NOTE 17 SEGMENT REPORTING

Segment information is presented in a format based upon the strategic objectives and enablers approved by the Governing Council in the 2022 budget. Only revenue and expense are presented by segment. All assets and liabilities belong to the IPU as a whole and there is no reasonable basis for allocation of individual assets, liabilities and net assets to individual segments.

	Strategic Objectives	Other charges	Pension Fund	Eliminations	Total
Revenue					
Assessed Contributions	10,854,486	66,314	0	0	10,920,800
Voluntary Contributions	3,376,028	0	0	0	3,376,028
Investment income	-481,892	0	-292,556	0	-774,448
Other Income	313,952	0	7,822	-253,275	68,499
Total revenue	14,062,574	66,314	-284,734	-253,275	13,590,879
Expense					
Personnel Expenditure – permanent staff	8,772,615	0	872,507	-1,083,868	8,561,253
Personnel Expenditure – temporary staff	3,269,474	0	0	0	3,269,474
Actuarial Gain/(Loss) on Pension Fund	0	311,273	-1,167,676	0	-856,403
Travel Expenditure	956,206	0	0	0	956,206
Contractual Services	1,393,386	0	10,435	-248,073	1,155,747
Operating Expenses	612,655	0	0	0	612,655
Supplies, Materials and Equipment	151,859	0	0	0	151,859
Allowance for Doubtful Accounts	0	61,607	0	0	61,607
Grants and Honoraria	119,198	13,842	0	0	133,039
Depreciation	403,217	0	0	0	403,217
Amortization of loan	56,586	0	0	0	56,586
(Gain)/Loss on Foreign Exchange	-9,485	0	0	0	-9,485
Total expense	15,725,710	386,721	-284,733	-1,331,942	14,495,755

Personnel expenditure for permanent staff is reflected for each segment at gross value (including staff assessment). The staff assessment (revenue and expense) and the IPU contribution to the closed pension fund are eliminated prior to consolidation.

NOTE 18 REVENUE AND EXPENSE

Assessed contributions

Members and Associate Members of the Organization pay an annual contribution to the IPU to finance its activities in accordance with the work programme and budget and scale of contributions adopted by the Governing Council in accordance with Article 21 of the IPU Statutes. Assessed contributions are due at the beginning of the budget year and payable by 31 March of each year in accordance with Financial Rule 5.4.

Voluntary contributions

Members and other donors contribute funds to the Organization for the purpose of financing specific projects and activities. Funds are accepted by the Secretariat with the approval of the Governing Council.

Programme support costs

The IPU charges programme support costs for the projects it implements with funding from other agencies. The IPU collected fees in the amount of CHF 245,453 on project direct costs of CHF 3,376,028 (CHF 235,751 on project direct costs of CHF 3,316,779 in 2021).

Other income

Other income includes as follows:

Amount in CHF	2022	2021
Staff contributions to pension fund	2,601	4,925
Other	65,898	26,162
Total Other Income	68,499	31,087

“Other” includes sales of publications, asset disposals and extraordinary income.

Investment income

Total returns on investments were:

Amount in CHF	2022	2021
Interest	-28,047	-56,214
Capital Gains (Losses)	-746,401	484,663
Total Investment Income	774,448	428,449

Expense

Expenses are reported on an accrual basis, recognizing expense when goods are received and services are rendered. All inter-fund charges for services have been eliminated prior to consolidation on the Statement of Financial Performance.

Personnel Expenditure – permanent staff includes short-term employee benefits such as base salary, post adjustment, dependency allowance, pension contribution, health and other insurance contributions, home leave and other entitlements for permanent staff. The pension contribution from the IPU to the closed Pension Fund has been eliminated on consolidation.

Amount in CHF	2022	2021
Salaries and allowances - regular staff	5,505,680	5,393,693
Dependent allowance	268,129	275,598
Pension contribution UNJSPF	1,104,906	1,034,407
Health insurance	375,754	350,530
Education allowance	216,508	315,398
Other allowances	41,048	28,261
Separation benefits	66,823	141,020
Pension and survivor benefits	872,507	858,936
Other benefits	115,102	102,228
Less eliminations	-5,202	-9,850
Total personnel expense - permanent staff	8,561,253	8,490,222

Personnel expenditure – temporary staff includes costs of short-term staff and consultants.

Amount in CHF	2022	2021
Temporary Staff	172,194	143,806
Interpreters	668,283	623,843
Translators	166,828	145,078
Consultants	2,262,169	2,354,490
Total personnel expense - temporary staff	3,269,474	3,267,217

Closed Pension Fund adjustment reflects the net impact of actuarial adjustments on the defined benefit obligation.

Amount in CHF	2022	2021
Current service cost	2,631	10,024
Interest cost	18,675	21,679
Employee contributions	2,601	4,925
Pension paid by plan	-880,310	-997,355
Refunds of contributions of participants in bridge pension	-	123,645
Net credit to employee benefits recognized on statement of Financial Performance	-856,403	-837,083

Travel expenditure includes the costs of airfare, daily subsistence allowances, terminal allowances and other travel costs for staff on official business, travel for delegates and travel for participants and experts in connection with training activities.

Amount in CHF	2022	2021
Transportation	249,331	187,496
Allowances	691,164	210,704
Incidentals	15,711	152,023
Total travel expenditure	956,206	550,223

Contractual services include costs of translation and editing, printing and publishing, conference services and software and database maintenance. The management fees charged for project support costs are eliminated on consolidation.

Amount in CHF	2022	2021
Translating/editing	563,631	486,653
Printing and publishing	47,011	41,095
Conference Venue Services	302,099	690,575
Computer maintenance and on line databases	8,363	10,035
Audit costs	9,300	18,300
Pension fund investment management and banking	10,435	14,335
Management services	248,073	235,751
Other	214,908	208,460
Eliminations	-248,073	-235,751
Total contractual services	1,155,748	1,469,453

Operating expenses include the costs of maintenance and cleaning of the Headquarters building, communications (postage and telephone), meeting costs and bank charges. The over/under expense covers the charge for writing down old balances relating to a deceased participant in the closed pension in accordance with the accounting policies.

Amount in CHF	2022	2021
Rent	127,637	121,285
Heating	35,412	31,078
Electricity	27,047	25,070
Water	2,193	1,609
Premises and grounds maintenance	71,344	65,272
Cleaning	81,469	74,629
Security	15,115	14,242
Insurance	5,722	3,989
Vehicles	8,252	9,691
GE Maintenance, insurance & rental	69,250	63,780
Communications	90,563	48,803
Internet connectivity	21,837	14,981
Website	-	-
Press and publicity costs	21,712	3,540
Hospitality	16,624	15,514
Institutional gifts	9,679	6,664
Bank charges	8,800	9,175
Over/Under	-	-12,702
Total Operating expenses	612,655	496,622

Supplies, materials and equipment include office equipment that does not meet the threshold in Note 2.

Amount in CHF	2022	2021
Paper	13,493	1,410
Stationery	704	8,879
Miscellaneous office supplies	45,169	25,635
Coffee/tea/drinking water	2,087	9,048
Sundry	591	752
IT maintenance and repair	19,449	13,926
Software and supplies	67,593	50,983
Books	233	517
Periodicals	2,539	2,886
Total supplies, materials and equipment	151,859	114,034

Expenses related to depreciation of plant and equipment are explained in Note 7 and amortization of intangible Assets in Note 8 above.

The expense related to the increase in the **provision for doubtful debts** is explained in Note 4 to the Financial Statements above.

Amount in CHF	2022	2021
Change in provision for assessed contributions receivable	45,987	112,883
Creation of provision for pension fund receivable	-	3,050
Provision for other receivables	15,619	2,380
Total change in provisions	61,607	118,314

Expenses for grants and honoraria include grants to the Association of Secretaries General of Parliaments (ASGP), the International Knowledge Network of Women in Politics (iKNOW Politics), ByeBye Plastic Bags, Tesouro Conta Caixa, the United Nations Economic and Social Commission for Western Asia (ESCWA) and the honoraria for the President of the IPU.

Amount in CHF	2022	2021
Grants	103,039	46,516
Honorariums	30,000	30,000
Total grants and honorariums	133,039	76,516

NOTE 19 FINANCIAL RISKS

The IPU's financial position includes the following financial instruments:

Amount in CHF	2022	2021
Cash and cash equivalents	11,048,170	15,306,720
Deposits	3,001,623	47
Accounts receivable - assessed contributions	1,392,833	1,313,881
Accounts receivable - voluntary contributions	2,791,649	714,772
Accounts receivable - other	37,844	42,176
Investments	4,154,873	5,845,177
Borrowing	-4,787,549	-4,920,562
Accounts Payable & other current liabilities	-434,584	-288,259
Net financial assets less financial liabilities	17,204,859	18,013,951

The IPU is exposed to certain market, credit and liquidity risks as follows:

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices, including currency risk, interest rate risk and other price risk. The IPU is exposed to foreign currency exchange and interest rate risk. It receives revenue from fees and voluntary contributions and incurs expenses in currencies other than its presentation currency (CHF). The IPU is exposed to foreign exchange risk arising from fluctuations of currency exchange rates. It does not use derivative financial instruments to hedge exchange risk.

A change in the currency exchange rate between the Swiss franc and other currencies (US dollar and euro) in which financial instruments are held or revenue or expense transactions recognized of +/-5% would have had the following impact on the financial statements:

Amount in CHF	Impact on surplus/deficit	Impact on Net Assets
Impact +5%	153,434	42,471
Impact -5%	-169,585	-42,471

The IPU also has a limited exposure to the risk of changes in interest rates. Its operating budget is financed primarily from revenue from Members' contributions and the sale of goods and services. Though only 0.5% of its operating budget is financed from revenue derived from investment income, the investments by the Pension Fund are held in a mutual fund, which is exposed to the risk of changes in market conditions. Should investment revenue decrease or increase the funds available to finance the closed Pension Fund, the contribution from the operating budget would increase or decrease accordingly. The IPU does not utilize financial instruments to hedge interest rate risk.

Liquidity risk

Liquidity risk is the risk that the IPU will encounter difficulties in meeting obligations associated with financial liabilities. The IPU has limited exposure to liquidity risk, owing to its substantial unrestricted cash reserves, which are replenished from the results of its operations. The IPU's investment policy has been developed to ensure that its investments are held primarily in liquid short-term deposits.

The IPU's total of current cash and cash equivalents at 31 December 2022 of CHF 12.0 million is sufficient to meet its current liabilities at that date of CHF 6.6 million. On an ongoing basis, it is anticipated that the IPU will have sufficient liquidity to pay all of its debts due. The maturity of the financial liabilities is reflected in Statement I – Statement of Financial Position.

Credit risk

Credit risk is the risk that a counter party of the IPU's financial assets will fail to discharge its obligations. The IPU's accounts receivable derive almost exclusively from its Member Parliaments; the IPU therefore considers its credit risks to be limited to a small selection of cases. Credit risk is re-evaluated annually, and changes are reflected in the calculation of the provision for doubtful debts. Cash and cash equivalents are held in banks with sovereign risk or with credit ratings of A- or higher, based on ratings by Fitch and Standard and Poor's (S&P). The asset value of accounts receivable has been reduced through the use of a provision for doubtful debts to reflect receivables for which payment is not anticipated in the short term.