



Inter-Parliamentary Union

For democracy. For everyone.

140th IPU Assembly

Doha (Qatar), 6 – 10 April 2019

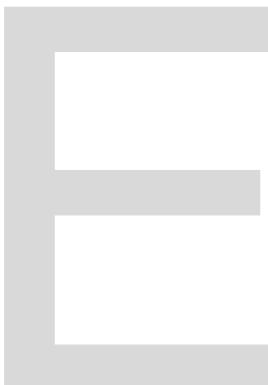


Executive Committee
Item 5
Governing Council
Item 8

EX/281/5(a)-R.1
CL/204/8-R.1
8 March 2019

Financial results for 2018

**Financial report
and
audited financial statements**



#IPU140

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1. Introduction

The audited financial statements for 2018 are once again fully compliant with International Public Sector Accounting Standards (IPSAS). They reflect the substantial changes effected during the past six years - consolidating the IPU closed Pension Fund with the IPU's own accounts, carrying out a full actuarial review of the Pension Fund, reflecting the 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 IPU Headquarters building.

The content of the IPU Financial Report is derived from the body of the five audited financial statements and their comprehensive notes. 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 18 on segment reporting. Details of expenditure by line item are provided in note 19. This financial report therefore provides a summary of key information and narrative explanation of budget variances, and points out where further information can be located in the financial statements and notes.

The budget for 2018 was prepared with a 2 per cent increase in Member assessed contributions in response to specific expenditure needs identified. However the global investment climate badly affected the IPU's investments in mutual funds which generated a substantial unrealized loss as at the end of the year. The unrealized loss reflects the market value of mutual fund units held at 31 December 2018 for accounting purposes. The value of these units subsequently rose again in early 2019. The IPU's net assets are therefore decreased by an operating deficit of CHF 606,741. Swiss regulations required that the windows of the IPU headquarters building be replaced, improving both energy efficiency and security, and the amortized cost of this work (CHF 231,106) is being charged to the IPU's reserve for major repairs. An amount of CHF 28,243 spent on climate change-related activities has been drawn from the IPU's carbon offset reserve as provided for in the budget.

After the reduction in net assets, the liquid portion of the IPU's Working Capital Fund stands at 84 per cent of its 2018 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 actuarial differences and accounting adjustments which cannot be realized in cash. The liquidity of the Fund at 31 December 2018 can be summarized as follows:

<u>Values at 31.12.2018</u>	<u>CHF</u>
Cash, cash equivalents and investments at fair value	6,650,582
Headquarters building revaluation - IPSAS adjustments	1,616,534
Closed Pension Fund liability - IPSAS adjustments	-638,540
Amortization of FIPOI building loan to 2052 - IPSAS adjustments	<u>1,135,802</u>
Accumulated balance of Working Capital Fund	<u>8,764,378</u>

The following sections provide a summary of the revenues and expenses of the IPU during 2018, in particular where these amounts have 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 2018, overall revenue increased by 3 per cent to CHF 13,229,765. The increase in Members' assessed contributions plus the addition of three new Members increased revenue by CHF 271,750. Interest and investment earnings suffered badly from weak market performance especially in December, ending 2018 with an overall unrealized loss of CHF 347,545 across the combined IPU and closed Pension Fund portfolios although the long term return on investment has been positive. Staff assessment was slightly below budget with a decrease of CHF 94,829. Other income increased to CHF 31,234 compared to a budget of CHF 16,000.

2.1 Assessed contributions from Member Parliaments

In all, 178 Members and 12 Associate Members were assessed a total of CHF 10,515,200 in 2018. By the end of 2018, all but CHF 594,021 of the current year (2018) assessments had been collected, an improvement of 13 per cent compared to the previous year, although total arrears of contributions increased year-on-year due mainly to the situation of Venezuela. There were 49 Members and Associate Members with contributions outstanding and no Members with their rights suspended under Article 5.3 of the IPU Statutes. Of the Members in arrears at the year end, five were liable for suspension of all membership rights under Article 5.3 and eight were liable for loss of voting rights under Article 5.2.

2.2 Voluntary Contributions

The 2018 budget for voluntary contributions was set at an ambitious level of CHF 4.0 million. As a consequence of lower than expected programme expenditure and some grants reduced or arriving later than anticipated, actual expenditure of voluntary contributions was 25 per cent less than the budgeted amount.

At the start of 2018, the IPU had pledges from donors totalling CHF 2.7 million. During the year, donors firmly committed an additional amount of CHF 1.9 million, subject to specific conditions set forth in agreements. Meanwhile, CHF 3.0 million was spent and the end of the year balance of pledges from donors totalled CHF 1.6 million.

The total amount of voluntary contributions earned/spent in 2018 was CHF 3,014,508, representing an increase of 6 per cent from 2018.

2.3 Staff Assessment

Seven 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 2018, CHF 102,675 was reimbursed to staff members who paid taxes to France and Canada.

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. Markets performed poorly in 2018 and the year-end value of the IPU and Pension Fund portfolios reflected an overall unrealized investment loss of CHF -347,545. The market value of the mutual fund units held has already begun to recover at the beginning of 2019. Interest rates continue to remain very low or even negative following the actions of the Swiss National Bank during the past three years, substantially limiting the opportunities for the IPU to generate low-risk income. The IPU maintains its prudent stance towards investments and deposits cash in banks with credit ratings of A or higher.

3. Expenditure

Following the IPU Strategy for 2017-2021 and in line with the IPU's compliance with IPSAS, the IPU 2018 Consolidated Budget was organized according to the eight Strategic objectives and the enabling actions.

A total of 78 per cent of the budget of the IPU is directly attributable to the activities planned to achieve the eight objectives of the Strategy. The balance of 22 per cent of expenditures comes from the enablers: effective internal governance and oversight, which covers costs relating to the President, the Executive Committee and the Executive Office; visibility, advocacy and communication for the IPU; gender mainstreaming and a rights-based approach; a properly resourced and efficient Secretariat, which include the services of finance, administration and human resources, as well as all costs relating to office accommodation, asset depreciation, equipment rental, ICT and supplies for the Secretariat; and 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 18.

3.1 Strategic Objective 1: Build strong, democratic parliaments

The 2018 operating costs of activities towards achieving this objective were on budget at CHF 2,355,912 in total. The budget included voluntary funds related to UNDP country partnerships, Myanmar in particular, and the costs of the World e-Parliament Conference.

3.2 Strategic Objective 2: Advance gender equality and respect for women's rights

Core expenditure on gender equality work finished the year with savings achieved in salary, travel, interpretation and consultancy costs. Extrabudgetary expenditure was lower than anticipated due mainly to limited expenditure on the Turkey programme for political and capacity reasons. For these reasons, the gender equality objective expenditure came in under budget for the year with a total annual expenditure of CHF 1,242,100.

3.3 Strategic Objective 3: Protect and promote human rights

CHF 1,553,726 was spent on activities to promote and protect human rights, over budget by 6 per cent, with the Committee on Human Rights of Parliamentarians examining the situation of a record total of 564 parliamentarians from 43 countries. To cover the extra costs, additional voluntary income was allocated from grants from Sida and the UN Office of the High Commissioner for Human Rights.

3.4 Strategic Objective 4: Contribute to peacebuilding, conflict prevention and security

Total expenditure on this objective was under budget at CHF 272,699. Extrabudgetary expenditure foreseen in the area of counter-terrorism was lower than anticipated, as the funding planned for 2018 was postponed pending the completion of negotiations for the trilateral partnership with the United Nations. The partnership agreement will be signed in 2019.

3.5 Strategic Objective 5: Promote inter-parliamentary dialogue and cooperation

Activities supporting Members accounted for expenditures of CHF 3,318,091 in 2018 and finished the year above budget by 5 per cent. Savings made on the budget of the Standing Committees helped to offset the overspend on both the first and second Assemblies, which arose principally from additional meeting hours leading to increased temporary staff costs and language services.

Comparative data on the costs of each Assembly is given in the tables below:

Comparative Costs of the First Assembly (in CHF)

Item	Geneva 2018	Dhaka 2017	Lusaka 2016
Permanent staff overtime	32,664	29,422	21,509
Temp. staff/contractual services	518,698	593,279	664,670
Travel & related expenses	41,258	125,961	146,324
Freight/communication	4,354	18,690	23,925
Supplies/equipment/services	159,551	2,723	8,191
Publications/web	10,766	3,450	3,913
Gifts/hospitality	10,657	3,998	2,233
Total Expense	777,948	777,523	870,765

Comparative Costs of the Second Assembly (in CHF)

Item	Geneva 2018	St. Petersburg 2017	Geneva 2016
Permanent staff overtime	20,679	39,802	35,094
Temp. staff/contractual services	523,050	459,550	487,022
Travel & related expenses	43,830	477	39,511
Freight/communication	4,334	227	10
Supplies/equipment/services	147,768	1,458	116,332
Publications/web	16,799	3,440	7,873
Gifts/hospitality	7,365	7,463	3,192
Total Expense	763,824	512,417	689,034

3.6 Strategic Objective 6: Promote youth empowerment

Total expenditure on the objective to promote youth empowerment came in under budget at CHF 224,405. Additional funding pledged by the government of Equatorial Guinea had not yet materialized so expenditure was deferred pending receipt of funds.

3.7 Strategic Objective 7: Mobilize parliaments around the global development agenda

CHF 644,595 was expended on Strategic Objective 7, most of which came from voluntary sources. Expenditure against this objective was lower than anticipated, due in part to the reduced staffing costs compared to budget in 2018. For the SDG self-assessments UNDP and host parliaments contributed at the country level, thereby reducing IPU's costs. For the regional seminars on SDGs, invited experts that had been budgeted by IPU were often paid by the UN or the host parliaments. Specific regional climate change activities were mainstreamed into the other SDG activities whereas national activities were planned to take place in early 2019. Health-related activities were fully funded and implemented.

3.8 Strategic Objective 8: Bridge the democracy gap in international relations

This objective was primarily met through the work of the New York Office. The costs of the Office and its activities came in below budget by 3 per cent, helped by the weakness of the US dollar against the Swiss franc during the early part of the year.

3.9 Enablers and other charges

Effective internal governance and oversight

Results for the management and governance enabler were achieved for a total expenditure of CHF 993,207 in 2018, over budget by 14 per cent due mainly to the extra Executive Committee sessions held during the year.

Visibility, advocacy and communications

A total of CHF 910,119 was spent on this enabler during a transitional year for the communications function. Two budgeted staff positions were filled during the course of the year with ongoing tasks and development work covered by external collaborators, leading to a saving on the total budget of 11 per cent. The IPU website and open data platform redevelopment was completed during the year and these capital costs are reported below under Section 5.

Gender mainstreaming and a rights-based approach

A small budgetary allocation was made towards training and information activities relating to the promotion of gender mainstreaming and a rights-based approach to the work of the IPU, of which CHF 549 was used in 2018.

Properly resourced and efficient Secretariat

The expenditures on Support Services (which include finance, administration and human resources services, office accommodation, asset depreciation, equipment rental, ICT and supplies) were CHF 2,444,700, which was within budget by 9 per cent. Budget savings were generated primarily in the areas of depreciation, equipment leasing, postage and stationery costs following the successful PaperSmart initiative.

Other charges

An allowance for doubtful accounts is set aside to cover the write-off of outstanding debts. In 2018, the IPU membership as a whole was less prompt in paying assessed contributions than in the previous year, due mainly to the situation of Venezuela. In accordance with IPSAS, provision is required for all debts more than two years old, and the reserve was therefore increased by CHF 95,895 to CHF 249,596 (22 per cent of the total amount receivable from Members).

The annual grant to the Association of Secretaries General of Parliaments was CHF 16,371 (CHF 44,755 in 2017) which was supplemented by funds of CHF 20,224 transferred upon closure of the Global Parliamentary Foundation.

No addition to the reserve for major building repairs to IPU Headquarters was budgeted in 2018. The reserve currently stands at CHF 425,269. The Headquarter's windows were renovated in 2018 and the depreciation cost of this is being offset against the accumulated reserve funds in 2018 and the coming 25 years, as foreseen.

In accordance with the decision of the Governing Council in Geneva in 2007, an amount of CHF 28,100 was set aside in a reserve for the purpose of offsetting the CO₂ emissions and to mitigate the environmental impact of operations. CHF 28,243 out of the total accumulated reserve of CHF 34,657 was used for climate change-related activities in 2018.

The Parliamentary Solidarity Fund stood at CHF 25,249 at the end of the year. No requests for travel support from the Fund were made during 2018.

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 2018, gender-specific expenditure totalled CHF 1,242,100, which represents 8 per cent of the IPU's total expenses.

Women continue to outnumber men in the Secretariat both in the professional and general service categories:

Representation in the Secretariat	2018		2017	
	No.	Per cent of total	No.	Per cent of total
Women on Staff – General Services	16	89%	16	89%
Women on Staff – Professional	14	54%	13	57%
Women on Staff – Total	30	68%	29	71%
Women recruited during year	2	67%	-	-
Women promoted during year	3	75%	1	100%

5. Capital expenditures

In 2018, CHF 283,091 was spent on furniture, vehicles, equipment and premises, including the routine replacement of outdated IT and communications equipment. Of this amount, CHF 231,106 was spent on replacing the IPU headquarters windows, a legal requirement which will have the benefit of improving security and making the headquarters more energy-efficient in line with the IPU's climate change commitments.

CHF 214,020 was spent on the redevelopment of the IPU website and open data platform, which became fully operational in 2018.

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 the 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 2018. The results of the study are set out in note 12 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 Inter-Parliamentary Union and the financial results for 2018.

8. Management's responsibility for financial reporting

The management of the Inter-Parliamentary Union 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 International Public Sector Accounting Standards. 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-Willis
Director
Division of Support Services

9. External auditor's opinion

EXTERNAL AUDITOR'S AUDIT OPINION

To the Executive Committee of the IPU

Report on the audit of the financial statements

Opinion

The SFAO has audited the financial statements of the IPU, which comprise the statement of financial position as at December 31, 2018, and the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In the opinion of the SFAO, the accompanying financial statements give a true and fair view of the financial position of the IPU as at December 31, 2018, and of its financial performance and its cash flows for the year then ended in accordance with the International Public Sector Accounting Standards (IPSAS) and the Organization's Financial Regulations.

Basis for Opinion

The SFAO conducted its audit in accordance with International Standards on Auditing (ISAs). Its responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of its report. The SFAO is independent of the IPU in accordance with the ethical requirements that are relevant to its audit of the financial statements in Switzerland, and it has fulfilled its other ethical responsibilities in accordance with these requirements. The SFAO believes that the audit evidence it has obtained is sufficient and appropriate to provide a basis for its opinion.

Responsibilities of the Secretary General for the financial statements

The Secretary General is responsible for the preparation and fair presentation of the financial statements in accordance with the International Public Sector Accounting Standards (IPSAS) and the IPU's Financial Regulations, and for such internal control as he determines is 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 IPU's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Secretary General either intends to liquidate the IPU or to cease operations, or has no realistic alternative but to do so.

The Secretary General is entrusted with the responsibility of overseeing the IPU's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Its objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes its opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 ISAs, the SFAO exercises professional judgment and maintains professional scepticism throughout the audit. It also:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for its opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtains 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 IPU's internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Secretary General.
- Concludes on the appropriateness of the Secretary General's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the IPU's ability to continue as a going concern. If the SFAO concludes that a material uncertainty exists, the SFAO is required to draw attention in its auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify its opinion. Its conclusions are based on the audit evidence obtained up to the date of its auditor's report. However, future events or conditions may cause the IPU to cease to continue as a going concern.
- Evaluates 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.

The SFAO communicates with the Executive Committee through its Sub-Committee on Finance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that it identifies during its audit.

Berne, 25 February 2019

SWISS FEDERAL AUDIT OFFICE¹
(External Auditor)

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(original signed in French)

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10. Statement of financial position

INTER-PARLIAMENTARY UNION

Statement I:

Statement of Financial Position

at 31 December 2018

In CHF (Swiss francs)

	2018	2017 Restated
ASSETS		
Current assets		
Cash on Hand	13,658	7,377
Cash in current accounts	4,080,445	5,734,320
Cash held by investment fund manager	335,638	344,217
Term deposits and savings accounts	<u>4,738,877</u>	<u>4,738,777</u>
Sub-total cash and cash equivalents (<u>Note 4</u>)	<u>9,168,618</u>	<u>10,824,691</u>
Accounts Receivable		
from Members (<u>Note 5</u>)	872,329	965,983
from Donors (<u>Note 5</u>)	403,100	161,443
from Tax Reimbursements	75,207	37,334
Others	<u>53,045</u>	<u>5,761</u>
Sub-total accounts receivable	<u>1,403,682</u>	<u>1,170,520</u>
Investments (<u>Note 6</u>)	7,243,100	8,567,896
Other current assets (<u>Note 7</u>)	<u>180,100</u>	<u>273,787</u>
Sub-total current assets	<u>17,995,500</u>	<u>20,836,895</u>
Non-current assets		
Fixed Assets (<u>Note 8</u>)		
Building and Grounds	8,237,189	8,255,438
Furnishings	24,298	24,782
General Equipment	59,033	60,317
IT Equipment	79,268	73,993
Vehicles	<u>10,675</u>	<u>16,775</u>
	<u>8,410,464</u>	<u>8,431,304</u>
Intangible assets (<u>Note 9</u>)	246,787	68,021
Sub-total non-current assets	<u>8,657,251</u>	<u>8,499,326</u>
Total Assets	<u>26,652,751</u>	<u>29,336,221</u>

LIABILITIES

Accounts Payable and Accrued Payables	217,062	429,956
Advances from Members	337,639	227,124
Deferred revenue (<u>Note 10</u>)	1,554,798	2,677,682
Loans (<u>Note 11</u>)	<u>189,600</u>	<u>189,600</u>
Sub-total current liabilities	2,299,099	3,524,363
Borrowings Long Term (<u>Note 11</u>)	5,120,998	5,248,065
Closed Pension Fund (<u>Note 12</u>)	12,306,973	12,625,046
Other Employee benefits (<u>Note 12</u>)	<u>1,517,019</u>	<u>1,395,194</u>
Sub-total non-current liabilities	18,944,990	19,268,305
Total Liabilities	21,244,089	22,792,668

NET ASSETS

Restricted Funds (<u>Note 14</u>)	431,683	434,251
Actuarial Gain (loss) recognized in net assets	-3,787,393	-3,259,247
Accumulated fund balance (Working Capital Fund after contribution)	<u>8,764,378</u>	<u>9,368,551</u>
Net Assets	5,408,668	6,543,555

11. Statement of financial performance

INTER-PARLIAMENTARY UNION

Statement II:

Statement of Financial Performance

for the year ended 31 December 2018

In CHF (Swiss francs)

	2018	2017 Restated
Revenue (Note 19)		
Assessed Contributions	10,515,200	10,243,450
Voluntary Contributions	3,014,508	2,844,632
Investment income	-347,545	587,787
Other Income	47,601	14,300
Total Revenue	13,229,765	13,690,169
 Expenses (Note 19)		
Personnel Expenditure – permanent staff	8,167,655	7,949,059
Personnel Expenditure – temporary staff	2,997,575	2,617,544
Change in closed pension fund provision	-846,219	-803,218
Travel Expenditure	1,017,822	1,053,124
Contractual Services	1,004,550	698,662
Operating Expenses	738,720	668,074
Supplies, Materials and Equipment	127,897	96,586
Allowance for Doubtful Accounts	95,895	29,857
Grants and Honoraria	116,699	168,754
Depreciation and amortization of assets (Note8&9)	339,186	296,719
Amortization of loan (Note 11)	62,533	63,978
Loss on Foreign Exchange	14,191	83,698
Total Expenses	13,836,505	12,922,835
 Operating Surplus/(Deficit)	-606,741	767,334

12. Statement of changes in net assets

INTER-PARLIAMENTARY UNION

Statement III:

Statement of Changes in Net Assets

for the year ended 31 December 2018

In CHF (Swiss francs)

	Accumulated Fund Balance	Actuarial Gain (loss)	Reserves	Total
Closing balance 31 December 2013	8,414,639		500,518	8,915,157
Transfer to reserves (<u>Note 14</u>)	(83,500)		83,500	-
Net result 2014	<u>694,803</u>		(51,508)	<u>643,295</u>
Closing balance 31 December 2014	9,025,942		532,510	9,558,452
Transfer to reserves (<u>Note 14</u>)	-25,700		25,700	-
Net result 2015	<u>-413,721</u>		<u>-80,875</u>	<u>-494,596</u>
Closing balance 31 December 2015	8,586,521		477,335	9,063,856
Transfer to reserves (<u>Note 14</u>)	(30,400)		30,400	-
Net result 2016	<u>-216,502</u>		<u>-79,908</u>	<u>296,409</u>
Closing balance 31 December 2016	8,339,619	-	427,828	8,767,447
Revalue repatriation grants as other long-term	116,267	-	-	116,267
Reverse Corridor	-	-2,636,187	-	-2,636,187
Reverse 2015 amortization	67,001	-67,001	-	-
Reverse 2016 amortization	<u>84,753</u>	<u>-84,753</u>	<u>-</u>	<u>-</u>
Restated closing balance 31 December 2016	8,607,640	-2,787,941	427,828	6,247,527
Recognition of actuarial gain (loss)	-	-471,306	-	-471,306
Transfer to reserves (<u>Note 14</u>)	-30,600	-	30,600	-
Net result 2017	<u>791,511</u>	<u>-</u>	<u>-24,177</u>	<u>767,334</u>
Restated Closing balance 31 December 2017	9,368,551	-3,259,247	434,251	6,543,555
Transfer to reserves (<u>Note 14</u>)	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

13. Statement of changes in cash flows

INTER-PARLIAMENTARY UNION

Statement IV:

Statement of Cash Flows

for the year ended 31 December 2018

In CHF (Swiss francs)

	2018	2017 Restated
Cash flows from Operating Activities		
Operating surplus (deficit)	-606'741	767'334
Depreciation	339'186	296'719
Amortization of loan	62'533	63'978
(Increase) decrease in receivables	-233'162	-342'254
(Increase) decrease in other current assets	93'687	37'994
Increase (decrease) in payables and deferred revenue	-1'225'264	-888'868
Increase (decrease) in pension fund liability recognized on Statement II	-846'219	-869'559
Increase (decrease) in other employee benefit liabilities	<u>121'825</u>	<u>22'723</u>
Net cash flows from Operating Activities	-2'294'155	-911'934
Cash flows from Investing Activities		
(Increase) decrease in Investments	1'324'797	134'124
(Increase) decrease in Intangible assets	-214'020	-68'021
(Increase) decrease in Property, plant and equipment	<u>-283'091</u>	<u>-113'947</u>
Net cash flows from Investing Activities	827'686	-47'845
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	-1'656'070	-1'149'379
Cash and Cash Equivalents at beginning of period	10'824'692	11'974'071
Cash and Cash Equivalents at end of period	9'168'623	10'824'692

* 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 2018

In CHF (Swiss francs)

	Original Budget	Final Budget	Actual on comparable basis	Difference
Revenue				
Assessed contributions	10'467'100	10'467'100	10'515'200	48'100
Working Capital Fund	237'000	237'000	237'000	-
Staff assessment	1'048'500	1'048'500	953'671	-94'829
Voluntary contributions	4'002'600	4'002'600	3'014'508	-988'092
Interest	100'000	100'000	-110'813	-210'813
Other income	16'000	16'000	31'234	15'234
Total revenue	15'871'200	15'871'200	14'640'801	-1'230'399
Expenses				
Build strong, democratic parliaments	2'321'900	2'321'900	2'355'912	34'012
Advance gender equality and respect for women's rights	1'699'000	1'699'000	1'242'100	-456'900
Protect and promote human rights	1'469'500	1'469'500	1'553'726	84'226
Contribute to peacebuilding, conflict prevention and security	505'200	505'200	272'699	-232'501
Promote inter-parliamentary dialogue and cooperation	3'159'400	3'159'400	3'318'091	158'691
Promote youth empowerment	417'200	417'200	224'405	-192'795
Mobilize parliaments around the global development agenda	972'700	972'700	644'595	-328'105
Bridge the democracy gap in international relations	923'000	923'000	898'119	-24'881
Effective internal governance and oversight	867'900	867'900	993'207	125'307
Visibility, advocacy and communications	1'026'200	1'026'200	910'119	-116'081
Gender mainstreaming and a rights-based approach	10'000	10'000	549	-9'451
Properly resourced and efficient Secretariat	2'681'700	2'681'700	2'444'700	-237'000
Other charges	114'000	114'000	112'266	-1'734
Eliminations	-296'500	-296'500	-223'297	73'203
Total expenses	15'871'200	15'871'200	14'747'192	-1'124'008
Operating Deficit	-	-	-106'392	-106'392

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). IPU has adopted in advance the provisions of IPSAS 40 which is effective 1 January 2019. IPSAS 41, related to changes in accounting for financial instruments and IPSAS 42 related to Social Benefits will be adopted when they become effective on 1 January 2022.

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, 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 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 CHANGE OF ACCOUNTING POLICY

Effective 1 January 2018, the Union has changed its accounting policy to recognize employee benefits in accordance with IPSAS-39. As a result, actuarial gains and losses for the closed pension fund, which had not been recognized are accounted directly to net assets and the liability for repatriation grants and removal expense is measured by an independent actuary using the projected unit credit actuarial methodology. The effect of these changes in accounting policy have been recognized retrospectively, requiring adjustment to the prior year's opening balances and restatement of the 2017 comparative numbers. The restatement is detailed below:

Statement I:

Statement of Financial Position Restatement

at 31 December 2017

In CHF (Swiss francs)

	2017 Restated	Restatement	2017
ASSETS			
Total Assets	29,336,221	-	29,336,221
LIABILITIES			
Closed Pension Fund	12,625,046	2,891,659	9,733,387
Other Employee benefits	1,395,194	-108,150	1,503,344
Sub-total non-current liabilities	19,268,305	2,783,509	16,484,796
Total Liabilities	22,792,668	2,783,509	20,009,159
NET ASSETS			
Restricted Funds	434,251	-	434,251
Actuarial gains (losses) recognized in net assets	-3,259,247	-3,259,247	-
Accumulated fund balance (Working Capital Fund after contribution)	9,368,551	475,739	8,892,812
Net Assets	6,543,555	-2,783,508	9,327,063

Statement II:

Statement of Financial Performance Restatement

for the year ended 31 December 2017

In CHF (Swiss francs)

	2017 Restated	Restatement	2017
Revenue			
Total Revenue	13,690,169	-	13,690,169
Expenses			
Personnel Expenditure – permanent staff	7,949,052	8,117	7,940,942
Change in closed pension fund provision	-803,218	-215,834	-587,384
Total Expenses	12,922,835	-207,717	13,130,552
Operating Surplus/(Deficit)	767,334	207,717	559,617

Statement III:

Statement of Changes in Net Assets Restatement

for the year ended 31 December 2017

In CHF (Swiss francs)

	Accumulated Fund Balance	Actuarial gain (Loss) Recognized in Net Assets	Reserves	Total
Closing balance 31 December 2016	8,339,619	-	427,828	8,767,447
Reverse Corridor	-	-2,636,187	-	2,636,187
Reverse 2015 amortization	67,001	-67,001	-	-
Reverse 2016 amortization	<u>84,753</u>	<u>84,753</u>	-	-
Restated closing balance 31 December 2016	8,607,640	-2,787,941	427,828	6,247,527
Recognition of actuarial gain (loss)	-	-471,306	-	471,306
Valuation of Repatriation grant and removal as other long-term benefit	1,395,194			
Transfer to reserves	-30,600	-	30,600	-
Net result 2017	791,511	-	24,177	767,334
Restated Closing balance 31 December 2017	9,368,551	-3,259,247	434,251	6,543,555

Statement IV:

Statement of Cash Flows Restatement

for the year ended 31 December 2017

In CHF (Swiss francs)

	2017 Restated	Restatement	2017
Cash flows from Operating Activities			
Operating surplus (deficit)	767,334	215,834	559,617
Increase (decrease) in pension fund liability	-869,559	-215,834	-653,725
Increase (decrease) in other employee benefit liabilities	22,723	8,117	14,606
Net cash flows from Operating Activities	-911,934	-	-911,934
Net increase/(decrease) in Cash and Cash Equivalents	-1,149,379	-	-1,149,379
Cash and Cash Equivalents at beginning of period	11,974,071	-	11,974,071
Cash and Cash Equivalents at end of period	10,824,692	-	10,824,692

NOTE 4 CASH AND CASH EQUIVALENTS

	31 December 2018	31 December 2017
Cash on hand	13'658	7'377
Current accounts with banks - Swiss francs	2'896'351	3'770'101
Current accounts with banks - Other currencies	<u>479'518</u>	<u>1'301'216</u>
Total unrestricted cash and current accounts	3'375'869	5'071'317
Current accounts with banks - Swiss francs	425'269	427'694
Current accounts with banks - Other currencies	17'039	16'965
Current accounts with banks pension fund - Swiss francs	<u>262'268</u>	<u>218'344</u>
Total restricted cash and current accounts	704'576	663'003
Sub total cash and current accounts	4'080'445	5'734'320
Cash held by investment fund manager	301'050	301'050
Pension fund cash held by investment fund manager - Swiss francs	<u>34'588</u>	<u>43'166</u>
Sub total cash held by investment fund managers	335'638	344'217
Term deposit CHF	534'886	534'886
Savings account CHF	<u>4'203'991</u>	<u>4'203'891</u>
Sub-total term deposits and savings accounts	4'738'877	4'738'777
Total cash and cash equivalents	9'168'618	10'824'691

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 0.36 per cent in 2018 (0.43 per cent in 2017).

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:

Cash and cash equivalents	AA	A	Not rated	Total
Amount	652'147	8'502'813	13'658	9'168'618
Per cent	6%	94%	0%	100%

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 2018 or 2017.

NOTE 5 ACCOUNTS RECEIVABLE

	31 December 2018	31 December 2017
Receivables from Members	1,121,925	1,119,684
Less provision for doubtful debts	<u>-249,596</u>	<u>-153,701</u>
Net receivable from Members	872,329	965,983
Receivables from Donors	403,100	161,443
Withholding taxes reimbursable	-6,719	-6,719
Withholding taxes reimbursable - Pension Fund	<u>81,927</u>	<u>44,053</u>
Sub total	75,207	37,334
Other receivables	16,875	5,761
Other receivables - Pension Fund	<u>36,171</u>	-
Sub total	53,045	5,761
Total accounts receivable	1,403,682	1,170,520

At 31 December 2018, there were 49 Members and Associate Members with accounts in arrears (52 at 31 December 2017). Five members were liable for suspension of membership rights under Article 5.3 of the IPU Statutes (four at 31 December 2017) and eight members were liable to lose their voting rights under Article 5.2 (three at 31 December 2017).

Member or Associate Member (amount in CHF)	2018	2017	2016	2015	2014	2013	Special Debt	Total
Albania	11,500	8,900	-	-	-	-	-	20,400
Bolivia (Plurinational State of)	12,500	12,294	-	-	-	-	-	24,794
Cameroon	1,766	-	-	-	-	-	-	1,766
Central African Republic	10,400	6,200	-	-	-	-	-	16,600
Columbia	2,761	-	-	-	-	-	-	2,761
Comoros	10,400	10,200	-	-	-	-	27,233	47,833
Congo	11,500	11,200	2,332	-	-	-	-	25,032
Côte d'Ivoire	11,500	21	-	-	-	-	-	11,521
Cuba	786	-	-	-	-	-	-	786
Democratic Republic of the Congo	5,657	-	-	-	-	-	-	5,657
Democratic People's Republic of Korea	9,707	-	-	-	-	-	-	9,707
Djibouti	8,701	-	-	-	-	-	-	8,701
Dominican Republic	17,700	17,400	8,000	-	-	-	-	43,100
Egypt	28,010	-	-	-	-	-	-	28,010
Equatorial Guinea	11,500	11,200	-	-	-	-	-	22,700
Gambia	10,400	10,200	10,000	900	-	-	-	31,500
Guinea	86	-	-	-	-	-	-	86
Guinea-Bissau	10,400	10,200	10,000	-	-	-	-	30,600
Honduras	11,500	11,200	11,000	11,600	12,000	21,200	-	78,500
Iran	69,500	-	-	-	-	-	-	69,500
Libya	28,200	27,600	18,320	-	-	-	-	74,120
Mali	10,400	9,600	-	-	-	-	-	20,000

Marshall Islands	70	-	-	-	-	-	-	70
Mauritania	10,400	10,200	10,000	60	-	-	-	30,660
Micronesia (Federated States of)	298	-	-	-	-	-	-	298
Myanmar	208	-	-	-	-	-	-	208
Nepal	479	-	-	-	-	-	-	479
Niger	10,400	596	-	-	-	-	-	10,996
Nigeria	38,600	-	-	-	-	-	-	38,600
Pakistan	15,998	-	-	-	-	-	-	15,998
Panama	15,600	201	-	-	-	-	-	15,801
Papua New Guinea	11,500	11,200	22,600	-	-	-	-	45,300
Saint Lucia	10,400	-	-	-	-	-	-	10,400
Sao Tome and Principe	10,400	10,200	-	-	-	-	-	20,600
Sierra Leone	10,400	222	-	-	-	-	-	10,622
South Sudan	10,400	1,356	-	-	-	-	-	11,756
Sudan	11,500	132	-	-	-	-	-	11,632
Tajikistan	11,500	4,286	-	-	-	-	-	15,786
Tuvalu	10,400	10,200	-	-	-	-	-	20,600
United Republic of Tanzania	8,222	-	-	-	-	-	-	8,222
Uruguay	192	-	-	-	-	-	-	192
Uzbekistan	6,650	-	-	-	-	-	-	6,650
Vanuatu	10,400	-	-	-	-	-	-	10,400
Venezuela (Bolivarian Republic of)	81,300	79,700	84,200	-	-	-	-	245,200
Zimbabwe	8,729	-	-	-	-	-	-	8,729
Andean Parliament	2,100	1,900	-	-	-	-	-	4,000
Arab Parliament	1,000	-	-	-	-	-	-	1,000
Committee of the West African Economic and Monetary Union	1,000	1,000	150	-	-	-	-	2,150
Parliament of the Economic Community of West African States	1,000	900	-	-	-	-	-	1,900
Total	594,021	278,308	176,603	12,560	12,000	21,200	27,233	1,121,925
Comparative Figures 2017			283,408	82,368	22,900	21,200	27,233	
Less doubtful accounts			-176,603	-12,560	-12,000	-21,200	-27,233	-249,596
Net receivable from Members	594,021	278,308	0	0	0	0	0	872,329

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.

At the beginning of 2018, the provision for doubtful accounts was CHF 153,701. During the year, no Members had their rights suspended under Article 5.3 and no debts were written off. After an increase of the provision of CHF 95,895 (increase of CHF 29,857 in 2017), the allowance for doubtful accounts stood at CHF 249,596 representing 28.6 per cent (13 per cent in 2017) of the outstanding arrears.

Amount in CHF	31 December 2018	31 December 2017
Opening Balance	153'701	123'844
Change in provision	95'895	29'857
Closing Balance	249'596	153'701

Receivables from donors

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

Accounts receivable from donors	31 December 2018	31 December 2017
Equatorial Guinea	9'882	10'038
UN Development Programme	17'945	48'435
UN Women	12'094	3'369
WSD		99'600
PMNCH	67'500	
European Union - Djibouti	295'680	
Total	403'100	161'443

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 2018 outstanding at the reporting date.

NOTE 6 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 and bonds. Total return on investments in 2018 was a loss of CHF -347,545 (gain of CHF 587,787 in 2017).

Amount in CHF	31 December 2018	31 December 2017
Current assets		
Mutual funds	2'556'576	2'662'416
Sub total IPU Investments	2'556'576	2'662'416
Mutual funds - flexible fund CHF	4'686'524	5'905'480
Sub total Pension Fund Investments	4'686'524	5'905'480
Total Investments	7'243'100	8'567'896

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.

NOTE 7 OTHER CURRENT ASSETS

The IPU has already paid some expenses that relate to 2018 for items such as rent, subscriptions and postage meter deposits. These disbursements have been reported as current assets and include the guarantee deposit on leased facilities in New York City. Other current assets also include staff salary and travel advances and loans to former staff made from the Pension Fund.

Amount in CHF	31 December 2018	31 December 2017
Project and travel advances	32,763	82,708
Prepaid expenses	137,499	181,331
Guarantee deposit	9,838	9,749
Total other current assets	180,100	273,787

NOTE 8 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 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	Information Technology, Communications											
	Buildings and grounds		Furnishings		Equipment		General Equipment		Vehicles		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Historic cost at 01 January	9,737,014	9,725,597	556,872	556,872	421,603	388,416	105,026	43,426	69,981	69,981	10,890,495	10,784,292
Additions	231,106	11,417	6,417		45,568	40,930		61,600	0	-	283,091	113,947
Disposals	-	-	-	-	-91,894	-7,744	-	-	0	-	-91,894	-7,744
Historic cost at 31 December	9,968,120	9,737,014	563,289	556,872	375,277	421,603	105,026	105,026	69,981	69,981	11,375,929	11,155,959
Accumulated depreciation	-1,481,576	-1,234,647	-532,090	-523,415	-347,610	-321,623	-44,709	-43,426	-53,206	-47,106	-2,459,191	-2,170,216
Adjust depreciation for disposals					91,894	7,744					91,894	7,744
Depreciation current period	-249,355	-246,929	-6,900	-8,676	-40,293	-33,730	-1,283	-1,283	-6,100	-6,100	-303,931	-296,719
Total accumulated depreciation	-1,730,930	-1,481,576	-538,991	-532,090	-296,008	-347,610	-45,993	-44,709	-59,306	-53,206	-2,671,228	-2,459,191
Net carrying value at 01 January	8,255,438	8,490,950	24,298	33,457	73,993	66,793	60,317	-0	16,775	22,875	8,704,702	8,696,768
Net carrying value at 31 December	8,237,189	8,255,438	24,298	24,782	79,268	73,993	59,033	60,317	10,675	16,775	8,410,464	8,431,304

NOTE 9 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 will begin in 2019 to make the site more interactive for use by Members.

	Website development	
Amount in CHF	2018	2017
Historic cost at 01 January	68'021	-
Additions	214'020	68'021
Disposals	-	-
Historic cost at 31 December	282'042	68'021
Accumulated amortization	-	-
Amortization current period	-35'255	-
Net carrying amount	-35'255	-
Net carrying value at 01 January 2018	68'021	-
Net carrying value at 31 December 2018	246'787	68'021

NOTE 10 DEFERRED REVENUE

The IPU receives funds from several donors for the implementation of various activities. Total disbursements from voluntary funds in 2018 were CHF 3,014,508 (CHF 2,844,632 in 2017). At 31 December 2018 the net advance of voluntary contributions was CHF 1,554.798 (CHF 2,677,683 in 2017).

Project (Amount in CHF)	Funder	Unexpended Balance of Prior Commitments	New/Expired Commitment in 2018	Funds used in 2018	Balance of Commitment	Deferred Revenue
Equatorial Guinea	Equatorial Guinea	-181,389	6,568	-	-174,822	174,822
Global Programme Support	UAE	87,436	-	87,436	-	-
Migration	Micronesia	-68,684	-	14,682	-54,002	54,002
RD Congo	UNDP	-4,082	-	-	-4,082	4,082
Guinee Bissau	UNDP	-11,508	11,508	-	-	-
Global Programme Support	Angola	-118,011	-	60,201	-57,811	57,811
Myanmar	UNDP IPU	-	-297,916	315,861	17,945	-
Parliamentary Solidarity Fund	Members UN	-25,249	-	-	-25,249	25,249
Turkey	Women	-627	-32,371	45,092	12,094	-
MNCH	PMNCH		-67,500		-67,500	67,500
Handbook on Statelessness	UNHCR	-826	-	-	-826	826
Human Rights meeting	OHCHR	-	-20,000	20,000	-	-
Global Programme Support	WSD	-158,078	-	84,807	-73,270	73,270
MNCH	WHO European Union	-82,155	-	69,107	-13,048	13,048
Djibouti		-	-295,680		-295,680	295,680
Global Programme Support	Sida	-205,002	-1,098,694	1,303,696	-	-
Development Funding	China	-1,011,210	-	294,195	-717,015	717,015
MNCH	PMNCH	-	-67,500	4,269	-63,231	63,231
Gender Issues	CIDA	-715,163	-	715,163	-	-
Reconciliation	CIDA	-8,261	-	-	-8,261	8,261
Total	CHF	-2,677,682	-1,861,585	3,014,508	-1,524,759	1,554,798

NOTE 11 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 per cent.

The loan was interest-free and currently requires reimbursement of the principal only. The value of the interest with a rate of 1.15 per cent waived in 2018 was CHF 63,978, (CHF 63,978 in 2017) and the value of interest to be waived until the final payment on the loans due in 2052 is CHF 1,135,802 (CHF 1,198,335 in 2017). 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	2018	2017
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>5'308'800</u>	<u>5'498'400</u>
Sub-total non-current liabilities	6'256'800	6'446'400
Less discounting of non-current at effective interest rate	<u>1'135'802</u>	<u>1'198'335</u>
Sub-total non-current liabilities at amortized cost	5'120'998	5'248'065
Total borrowings	5'310'598	5'437'665

NOTE 12 EMPLOYEE BENEFIT LIABILITIES

United Nations Joint Staff Pension Fund (UNJSPF)

(a) The Pension 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 Pension Fund will be sufficient to meet its liabilities.

The IPU's financial obligation to the UNJSPF consists of its mandated contribution, at the rate established by the United Nations General Assembly (currently at 7.9 per cent for participants and 15.8 per cent 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 Pension 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.

During 2017, the Fund identified that there were anomalies in the census data utilized in the actuarial valuation performed as of 31 December 2015. As such, as an exception to the normal biennial cycle, a roll forward of the participation data as of 31 December 2013 to 31 December 2016 was used by the Fund for its 2016 financial statements.

The actuarial valuation as of 31 December 2017 resulted in a funded ratio of actuarial assets to actuarial liabilities, assuming no future pension adjustments, of 139.2% (150.1% in the 2016 roll forward). The funded ratio was 102.7% (101.4% in the 2016 roll forward) when the current system of pension adjustments was taken into account.

After assessing the actuarial sufficiency of the Fund, the Consulting Actuary concluded that there was no requirement, as of 31 December 2017, 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 Fund. 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 provisions 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 UNJSPF pension plan, 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 UNJSPF during the preceding three years (2015, 2016 and 2017) amounted to USD 6,931.39 million, of which 0.04% was contributed by the IPU.

During 2018, contributions paid to UNJSPF amounted to CHF 1.0 million (CHF 0.9 million in 2017). Expected contributions due in 2019 are CHF 1.0 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 UNJSPF and reports to the UNJSPF Pension Board on the audit every year. The UNJSPF publishes quarterly reports on its investments and these can be viewed by visiting the UNJSPF website: 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 2018 valuation, the assumptions utilized are as follows:

	31/12/18	31/12/17
Actuarial assumptions		
Discount rate	0.60%	0.40%
Salary increases	1.00%	0.80%
Pension increase	1.00%	0.80%

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	31/12/2018	31/12/2017 Restated
Accrued Pension Liability	12'306'973	12'625'046
Pension Fund Assets	5'101'372	6'210'939
Net Liability	7'205'601	6'414'107

	31/12/2017	31/12/2017 Restated
Change in benefit obligation		
Benefit obligation at 01 January	12'625'046	13'023'299
Current service cost	9806	20'352
Interest cost	48691	75'244
Employee contributions	10257	10'989
Pension paid by plan	-914973	-976'144
Actuarial gain/loss	<u>528146</u>	<u>471'306</u>
Benefit obligation at 31 December	12'306'973	12'625'046

Amounts recognized in the Net Assets

Amount recognized at beginning of period	-3'259'247	2'787'941
Actuarial gain (loss) - Financial	-107'887	-263'710
Actuarial gain (loss) - Demographic	<u>-420'259</u>	<u>-207'596</u>
Cumulative amount recognized in net assets	-3'787'393	-3'259'247

Summary of membership data

Number of retirees	11	11
Number of active participants	4	4
Total insured salaries	491'869	488'417
Average age (years) of active participants	54.3	53.3
Average expected remaining service years of active participants	5.7	6.7

The calculation of the net liability to 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 0.6% to 1.1%) would reduce the present benefit obligation for the pensions by CHF 477'079 and the liability for the active members by CHF 15'732.

- Pension increase rate

Increasing the pension increase rate by 0.5% (from 1.0% to 1.5%) would increase the present benefit obligation for the pensions by CHF 507'528.

- Salary increase rate

Increasing the salary increase rate by 0.5% (from 1.0% to 1.5%) would increase the present benefit obligation for the active members by CHF 16'256.

(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. At 31 December, the total liability of benefits payable to staff was:

Amount in CHF	2018	2017 Restated
Post employment benefits		
Reinstallement premiums	604'188	537'156
Grants for removal expenses	158'167	140'618
Sub Total	762'355	677'774
Other short-term benefits		
Encashment of unused leave	754'664	717'421
Sub Total	754'664	717'421
TOTAL	1'517'019	1'395'194

(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.

NOTE 13 LEASES

The IPU has a five-year lease expiring in 2022 for office accommodation at 336 East 45th Street, New York, USA. The annual lease payment for 2018 was CHF 112,113 (CHF 121,215 in 2017). The lease is cancellable with six months' notice by the IPU.

NOTE 14 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 has been charged to the reserve.

Amount in CHF	2018	2017
Opening Balance	427,694	427,694
Contributions		
Expenditures	2,425	
Closing Balance	425,269	427,694

(b) The IPU has established a reserve for offsetting carbon emissions from IPU activities, especially those involving travel. In 2018, an amount of CHF 28,100 (CHF 30,600 in 2017) was contributed to the reserve to compensate for emissions of CO₂ from regular activities. Expenditures of CHF 28,243 (CHF 24,177 in 2017) were made on climate change-related activities using funds from the reserve.

Amount in CHF	2018	2017
Opening Balance	6'557	134
Contributions	28'100	30'600
Expenditures	28'243	24'177
Closing Balance	6'414	6'557
Total reserves	431,683	434'251

NOTE 15 CONTINGENT LIABILITIES

During the course of 2018, several staff members received notices of tax assessment from the Ministry of Economy, Finance and Industry of France and the Canada Revenue Agency relating to income earned from the IPU. 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 2018.

**NOTE 16 RECONCILIATION OF BUDGET TO ACTUAL
COMPARISON AND STATEMENT OF FINANCIAL
PERFORMANCE**

	Operating	Financing	Investing	Total
Revenue on budgetary basis	14,640,801	-	-	14,640,801
Less staff assessment included in revenue	<u>-953,671</u>	<u>-</u>	<u>-</u>	<u>-953,671</u>
Revenue net of staff assessment	13,687,129	-	-	13,687,129
Expense on budgetary basis	14,747,192	-	-	14,747,192
Less staff assessment	<u>-953,671</u>	<u>-</u>	<u>-</u>	<u>-953,671</u>
Expense net of staff assessment	13,793,521	-	-	13,793,521
Net result on budgetary basis	-106,392	-	-	-106,392
Presentation differences				
Less use of working capital fund	-237,000	-	-	-237,000
Less contribution to Carbon Reserve	-	-	-	-
Plus Expense (travel) charged to fund balance	-	-	-	-
Adjustment to Closed Pension Fund liability	<u>-263,348</u>	<u>-</u>	<u>-</u>	<u>-263,348</u>
Sub total presentation differences	-500,348	-	-	-500,348
Entity difference				
Pension fund net result	-			
Surplus per Statement of Financial Performance	-606,741			-606,741

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	2018	2017
Gross Staff Assessment	1'056'347	1'033'633
Reimbursements		
- France	55'820	97'580
- Canada	46'855	24'466
Total	102'675	122'046
Net Staff Assessment	953'672	911'587

NOTE 17 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:

	2018		2017	
	Number of individuals (as an average)	Aggregate remuneration cost (in CHF)	Number of individuals (as an average)	Aggregate remuneration cost (in CHF)
Senior officers:	4.6		4.0	
Net salary and post adjustment		902'392		793'763
Employer medical and pension contributions		204'940		177'116
Other allowances		133'053		177'726
Total		1'240'385		1'148'605

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 18 SEGMENT REPORTING

Segment information is presented in a format based upon the strategic objectives and enablers approved by the Governing Council in the 2018 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	Enablers	Other charges	Pension Fund	Eliminations	Total
Revenue						
Assessed Contributions	6,644,354	3,772,109	98,737	-	-	10,515,200
Voluntary Contributions	2,984,700	29,808	-	-	-	3,014,508
Investment income	-	-110,813	-	-236,732	-	-347,545
Other Income	-	254,530	-	36,881	-243,810	47,601
Total revenue	9,629,054	3,945,634	98,737	-199,850	-243,810	13,229,765
Expense						
Personnel Expenditure – permanent staff	5,590,724	2,660,848	-	890,268	-974,185	8,167,655
Personnel Expenditure – temporary staff	2,587,201	410,374	-	-	-	2,997,575
Actuarial Gain/(Loss) on Pension Fund	-	-	263,348	-1,109,567	-	-846,219
Travel Expenditure	824,451	193,371	-	-	-	1,017,822
Contractual Services	1,065,392	143,006	-	19,449	-223,297	1,004,550
Operating Expenses	359,770	378,950	-	-	-	738,720
Supplies, Materials and Equipment	38,208	89,689	-	-	-	127,897
Allowance for Doubtful Accounts	-	-	95,895	-	-	95,895
Grants and Honoraria	73,710	26,618	16,371	-	-	116,699
Depreciation	-	339,186	-	-	-	339,186
Amortization of loan	-	62,533	-	-	-	62,533
Loss on Foreign Exchange	-	14,191	-	-	-	14,191
Total expense	10,539,456	4,318,767	375,614	-199,850	-1,197,482	13,836,505

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 19 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 223,297 on project direct costs of CHF 3,014,500 (CHF 210,632 on project direct costs of CHF 2,844,632 in 2017).

Other Income

Other income was as follows:

Amount in CHF	2018	2017
Pension Fund Prior Period Adjustment	6,111	-
Staff contributions to pension fund	10,257	10,989
Other	31,234	3,311
Total Other Income	47,601	14,300

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

Investment income

Total returns on investments were:

Amount in CHF	2018	2017
Interest	32'835	44'077
Capital Gains (Losses)	-380'381	543'710
Total Investment Income	-347'545	587'787

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	2018	2017 Restated
Salaries and allowances - regular staff	5,209,684	5,099,584
Dependent allowance	287,851	326,552
Pension contribution UNJSPF	972,245	944,336
Health insurance	314,751	289,810
Education allowance	304,204	372,706
Other allowances	27,997	26,415
Separation benefits	121,821	25,432
Pension and survivor benefits	890,268	876,836
Other benefits	59,348	9,364
Less eliminations	-20,514	-21,978
Total personnel expense - permanent staff	8,167,655	7,949,059

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

Amount in CHF	2018	2017
Temporary Staff	312,021	222,925
Interpreters	881,023	868,201
Translators	274,198	224,135
Consultants	1,530,332	1,302,283
Total personnel expense - temporary staff	2,997,575	2,617,544

Closed pension fund adjustment reflects the net impact of actuarial adjustments on the defined benefit obligation.

Amount in CHF	2018	2017 Restated
Current service cost	9'806	20'352
Interest cost	48'691	75'244
Employee contributions	10'257	10'989
Pension paid by plan	-914'973	-976'144
Refunds of contributions of participants in bridge pension	-	66'341
Net credit to employee benefits recognized on statement of Financial Performance	-846'219	-803'218

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	2018	2017
Transportation	630,572	642,369
Allowances	386,647	408,632
Incidentals	603	2,122
Total travel expenditure	1,017,822	1,053,124

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	2018	2017
Translating/editing	435,540	344,567
Printing and publishing	129,051	115,588
Conference Venue Services	309,214	134,633
Computer maintenance and on-line databases	22,592	14,101
Audit costs	5,300	9,100
Pension fund investment management and banking	19,449	21,819
Management services	223,297	210,362
Other	83,405	58,852
Eliminations	-223,297	-210,362
Total contractual services	1,004,550	698,662

Operating expenses include the costs of maintenance and cleaning of the Headquarters building, communications (postage and telephone), meeting costs and bank charges. In October 2018, the Ville de Genéve, in support of the activities of the IPU, offered to fly the IPU's flags along the Mont-Blanc bridge for a period of one week. The Ville de Genéve covered at its own expense the entire cost of CHF 2'692.50 in connection with this effort.

Amount in CHF	2018	2017
Rent	112,113	121,215
Heating	30,601	30,476
Electricity	25,873	25,616
Water	3,440	2,823
Premises and grounds maintenance	57,902	65,312
Cleaning	16,379	18,902
Security	112,988	23,761
Insurance	14,115	11,693
Vehicles	11,790	6,626
GE Maintenance, insurance & rental	73,502	85,574
Communications	85,148	119,816
Internet connectivity	22,041	20,237
Website	11,057	3,760
Press and publicity costs	12,476	7,714
Hospitality	127,545	86,093
Institutional gifts	8,405	19,309
Bank charges	13,348	19,148
Over/Under	-1	-2
Total Operating expenses	738,720	668,074

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

Amount in CHF	2018	2017
Paper	2'091	6'371
Stationery	13'668	6'070
Miscellaneous office supplies	38'777	35'821
Coffee/tea/drinking water	6'266	10'333
Sundry	1'320	1'941
IT maintenance and repair	16'927	7'244
Software and supplies	44'710	23'111
Books	74	60
Periodicals	4'065	5'635
Total supplies , materials and equipment	127'897	96'586

Expenses related to depreciation are explained in Note 8.

The expense related to the increase in the **provision for doubtful debts** as explained in Note 5 to the Financial Statements above.

Amount in CHF	2018	2017
Change in provision for assessed contributions receivable	95'895	29'857
Total change in provisions	95'895	29'857

Expenses for grants and honoraria include a grant to the Association of Secretaries General of Parliaments (ASGP) and the honoraria for the President of the IPU.

Amount in CHF	2018	2017
Grants	90'081	132'602
Honorariums	26'618	36'152
Total grants and honorariums	116'699	168'754

NOTE 20 FINANCIAL RISKS

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

Amount in CHF	2018	2017
Cash and cash equivalents	4,429,741	6,085,914
Deposits	4,738,877	4,738,777
Accounts receivable - assessed contributions	872,329	965,983
Accounts receivable - voluntary contributions	403,256	161,443
Accounts receivable - other	128,097	43,094
Investments	7,243,100	8,567,896
Borrowing	-5,310,598	-5,437,665
Accounts Payable	-217,062	-429,956
Net financial assets less financial liabilities	12,287,739	14,695,487

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 per cent would have had the following impact on the financial statements:

Amount in CHF	Impact on surplus/deficit	Impact on Net Assets
Impact +5%	109,030	41,145
Impact -5%	-120,507	-41,145

The IPU also has a limited exposure to the risks 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 per cent 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 cash and cash equivalents at 31 December 2018 of CHF 12.3 million is sufficient to meet its current liabilities at that date of CHF 2.3 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 minor. 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.