

# Financial statements

Financial period ending 31 December 2021

Berne, July 2022





**UPU** | UNIVERSAL  
POSTAL  
UNION

# **Universal Postal Union**

Financial statements

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Berne, 4 July 2022



## Introduction

I have pleasure in presenting to you the consolidated financial statements of the Universal Postal Union (UPU) for the financial period ending 31 December 2021.

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

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

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

The consolidated surplus for the 2021 financial year amounts to 3.7 million CHF, compared with 221,777 CHF in 2020. This positive result is primarily due to a significant reduction in expenses, in parallel with only a slight decrease in revenues. The main factors were reduced exchange losses and financial costs (lower provision for doubtful debts), as well as technical factors regarding the assessment of staff-related liabilities, which resulted in lower staff costs (statement II). Staff costs excluding actuarial adjustments also decreased, standing at 30.9 million CHF (note 20) compared with 31.5 million CHF in 2020.

Moreover, the assessment of staff-related liabilities had a significant impact on the balance sheet, which shows an increase in net assets of 59 million CHF (statement I).

The consolidated budgetary result (statement V) shows savings of 3.1 million CHF

Gross expenditure from the regular budget amounted to 37,386,492 CHF, compared with the revised budget of 38,890,030 CHF. This represents an execution rate of 96.1%. The savings relate largely to travel and consultancy costs.

Berne, 4 July 2022

Masahiko Metoki  
Director General



**Statement I – Statement of financial position at 31 December 2021 (in CHF)**

	<i>Notes</i>	<i>2021</i>	<i>2020</i>
<b>Assets</b>			
<i>Current assets</i>			
Cash and cash equivalents	3	47,511,785	60,075,614
Investments	7	87,770,689	56,465,725
Accounts receivable (non-exchange transactions)	4	29,919,999	34,999,129
Accounts receivable (exchange transactions)	4	22,236,805	19,632,603
Inventories	5	112,156	170,727
Other current assets	6	3,987,879	4,512,920
<b>Total current assets</b>		<b>191,539,312</b>	<b>175,856,717</b>
<i>Non-current assets</i>			
Investments	7	32,562,709	41,868,243
Accounts receivable (non-exchange transactions)	4	16,730,590	24,090,073
Equipment	8	501,765	1,091,089
Intangible assets	9	885,816	851,959
Land and buildings	10	20,993,243	21,875,053
Other non-current assets	6	17,850	15,500
<b>Total non-current assets</b>		<b>71,691,974</b>	<b>89,791,917</b>
<b>Total assets</b>		<b>263,231,286</b>	<b>265,648,634</b>
<i>Current liabilities</i>			
Accounts payable and accrued expenses	11	22,979,685	19,714,112
Employee benefits	12	3,338,729	3,141,459
Deferred revenue	13	84,877,773	81,083,881
Advance receipts	13	80,559,253	86,346,204
Funds-in-trust held for translation services	15	7,685,797	7,161,514
Provisions	14	50,000	75,000
<b>Total current liabilities</b>		<b>199,491,237</b>	<b>197,522,171</b>
<i>Non-current liabilities</i>			
Employee benefits	12	224,819,506	280,224,531
Deferred revenue	13	16,000,000	24,000,000
<b>Total non-current liabilities</b>		<b>240,819,506</b>	<b>304,224,531</b>
<b>Total liabilities</b>		<b>440,310,743</b>	<b>501,746,701</b>
Accumulated surplus (deficit) Union funds	16	-171,384,828	-220,995,992
Accumulated surplus (deficit) other funds	16	2,737,985	2,791,951
Accumulated surplus (deficit) controlled entities	16	-12,157,163	-21,671,988
Reserves	16	3,724,550	3,777,962
<b>Net assets</b>		<b>-177,079,457</b>	<b>-236,098,067</b>





**Statement II – Statement of financial performance from 1 January to 31 December 2021 (in CHF)**

	<i>Notes</i>	<i>2021</i>	<i>2020 (restated)</i>
<i>Revenue</i>			
Statutory contributions from member countries	19	37,991,200	37,977,800
Other annual contributions	19	4,488,003	4,734,821
Voluntary contributions	19	20,681,071	23,360,973
Sales	19	12,654,428	11,370,730
Financial revenue	19	1,759,677	2,736,359
Exchange gains	21	2,906,967	1,889,731
Other revenue	19	1,186,639	677,651
<b>Total revenue</b>		<b>81,667,985</b>	<b>82,748,066</b>
<i>Expenses</i>			
Staff costs	20	49,470,017	51,300,066
Travel	20	445,408	190,810
Consultants and external contracts	20	4,726,793	4,940,550
Project costs	20	13,500,153	14,593,796
General operating expenses	20	1,059,880	1,112,658
Materials and supplies	20	673,035	195,465
Maintenance and repairs	20	1,853,325	1,879,334
Depreciations	20	1,793,697	1,919,042
Financial costs	20	647,035	1,734,151
Exchange losses	21	2,309,195	3,685,043
Other expenses	20	1,456,214	975,372
<b>Total expenses</b>		<b>77,934,752</b>	<b>82,526,287</b>
<b>Net result</b>		<b>3,733,233</b>	<b>221,777</b>

**Statement III – Statement of changes in net assets at 31 December 2021 (in CHF)**

	<i>Notes</i>	<i>Accumulated surplus (deficit) – Union funds</i>	<i>Accumulated surplus (deficit) – other funds</i>	<i>Accumulated surplus (deficit) – controlled entities</i>	<i>Reserves</i>	<i>Total net assets</i>
<b>Net assets at 31 December 2019</b>		<b>-221,390,688</b>	<b>3,150,481</b>	<b>-20,809,473</b>	<b>4,022,536</b>	<b>-235,027,143</b>
Net result current period		1,039,374	-541,486	-276,111	–	221,777
Recognized actuarial gain (loss) in net assets	12	-784,971	-13,006	-145,243	–	-943,220
Reclassification between tied own funds and other funds		–	–	–	–	–
Use of reserves		140,292	104,281	–	-244,573	–
Foreign currency translation		–	91,681	-441,163	–	-349,482
<b>Net assets at 31 December 2020 (restated)</b>	<b>16</b>	<b>-220,995,993</b>	<b>2,791,952</b>	<b>-21,671,990</b>	<b>3,777,962</b>	<b>-236,098,068</b>
Net result current period		1,921,508	930,029	881,697		3,733,233
Recognized actuarial gain (loss) in net assets	12	45,899,071	774,218	8,535,925		55,209,214
Reclassification between tied own funds and other funds		1,800,586	-1,800,586			–
Use of reserves		-10,001	63,414		-53,413	–
Foreign currency translation			-21,041	97,204		76,163
<b>Net assets at 31 December 2021</b>	<b>16</b>	<b>-171,384,829</b>	<b>2,737,986</b>	<b>-12,157,164</b>	<b>3,724,549</b>	<b>-177,079,458</b>

**Statement IV – Statement of cash flow from 1 January to 31 December 2021 (in CHF)**

	<i>Notes</i>	<i>2021</i>	<i>2020 (restated)</i>
<b>Net result</b>		<b>3,733,233</b>	<b>221,777</b>
<i>Cash flow from operating activities</i>			
Depreciation expenses	8 to 10	1,793,697	1,919,042
Amortization of grants	10	-22,316	-22,346
Increase (decrease) in provision for doubtful debts	4	541,601	1,613,668
(Increase) decrease in non-exchange transactions receivable	4	11,897,012	-34,484,509
(Increase) decrease in exchange transactions receivable	4	-2,604,202	5,631,198
(Increase) decrease in inventories	5	58,571	9,494
(Increase) decrease in other assets	6	525,041	1,073,924
Increase (decrease) in payables and accrued expenses	11	3,265,573	-5,350,722
Increase (decrease) in deferred revenue	13	-4,206,108	26,422,126
Increase (decrease) in advance receipts	13	-5,786,951	2,073,983
Increase (decrease) in employee benefit liabilities	12	1,459	1,309,186
Increase (decrease) in other provisions	14	-25,000	-75,000
Increase (decrease) of amounts due to translation services	15	524,282	-328,976
Entity foreign currency translation differences (operating activities)		166,933	1,577,228
<b>Net cash flow from operating activities</b>		<b>9,862,825</b>	<b>1,590,073</b>
<i>Cash flow from investment activities</i>			
(Increase) decrease in investments	7	-21,999,430	18,578,787
(Increase) decrease in equipment and intangible assets	8 and 9	-334,104	-243,116
Entity foreign currency translation difference (investment activities)		-3,153	-9,336
<b>Net cash flow from investment activities</b>		<b>-22,336,686</b>	<b>18,326,335</b>
<i>Cash flow from financing activities</i>			
Increase (decrease) in loans		–	-375,760
<b>Net cash flow from financing activities</b>		<b>–</b>	<b>-375,760</b>
Net increase (decrease) in cash and cash equivalents		-12,473,861	19,540,648
Cash and cash equivalents, beginning of period		60,075,614	42,461,675
Effect of foreign currency translation on cash and equivalents		-90,008	-1,926,710
Cash and cash equivalents at end of period		47,511,785	60,075,614

**Statement V – Statement of comparison of budget and actual amounts from 1 January to 31 December 2021 (in CHF)**

<i>Objective</i>	<i>Budget 2021</i>	<i>Extrabudgetary programmes 2021</i>	<i>Total budget 2021</i>	<i>Net actual amounts 2021</i>	<i>Difference 2021</i>
Forum	5,013,657	3,267,215	8,280,872	8,669,840	-388,968
Provider of technical solutions	11,842,360	31,816,700	43,659,060	41,393,334	2,265,725
Knowledge centre	3,194,154	1,233,200	4,427,354	2,303,346	2,124,008
Functional support	17,184,830	237,000	17,421,830	16,219,980	1,201,850
Financing of staff-related liabilities	3,723,500	–	3,723,500	3,723,500	–
Budget cut as decided by CA	-2,068,470	–	-2,068,470	–	-2,068,470
<b>Total expenses 2020</b>	<b>38,890,030</b>	<b>36,554,115</b>	<b>75,444,145</b>	<b>72,310,000</b>	<b>3,134,145</b>

**Explanation of differences between budget and actual amounts in 2021**

In accordance with articles 107.1.4 and 145 of the General Regulations, the CA examined the 2021 UPU Programme and Budget (P&B) in December 2020. The CA set the 2021 regular budget at 38,890,030 CHF, resulting in savings of 2,068,470 CHF on the regular budget. This latter amount is not reflected in the budget per strategic pillar shown in statement V, but is taken into account in the expenses.

It should also be noted that intercompany transactions are excluded from the financial statements. This is not the case in the P&B, which is based on the budgets for gross expenditure of each entity. The expenses presented in statement V are presented on the same basis as the budget.

This new way of presenting the amounts is intended to facilitate comparison with the P&B submitted to the CA.

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

The continued health crisis in 2021 slowed the implementation of UPU activities and projects, resulting in a reduction in expenses of 3,134,145 CHF compared with the 2021 budget allocated.

An analysis of the P&B shows expenses exceeding the allocated budget for strategic pillar 1 (Forum). This pillar comprises three programmes: events and meetings of technical working groups, treaties and international agreements, and settlement mechanisms. The organization of Congress and three CA/Postal Operations Council (POC) sessions (including the constituent sessions) required additional investment in human resources, leading to additional expenses of 388,968 CHF.

Strategic pillar 2 (Provider of innovative and affordable technical solutions) encompasses consulting and capacity-building projects through technical cooperation, training and quality advice in key areas of the postal sector, such as addressing, e-commerce, the supply chain, remuneration, financial inclusion and sustainable development. The positive difference of 2,265,725 CHF is primarily due to the slowdown in the implementation of certain projects and the overestimation of the budget for certain extrabudgetary activities, especially those in relation to Global Monitoring System (GMS) projects.

Strategic pillar 3 (Information and knowledge centre) encompasses all research programmes and in-depth studies into problems affecting the postal sector as a whole (studies of the postal market and its trends, regulatory studies, digital economy and financial inclusion), as well as data storage and protection (philately, standards, EMS). The positive difference of 2,124,008 CHF is attributable to the reallocation of human resources to strategic pillar 1 for the preparation of Congress and CA/POC sessions, as well as to the fact that certain projects requiring the expertise of external consultants could not be carried out during the health crisis because of the associated restrictions.

Expenses under strategic pillar 4 (Functional support) were lower than planned in the 2021 budget, with savings of 1,201,850 CHF. This difference is primarily attributable to the drop in travel-related expenses (with travel being replaced by remote meetings), and efforts to generate savings on the International Bureau's general expenses and miscellaneous costs.

The "financing of staff-related liabilities" item (non-operating expenses) corresponds to the amount of the guarantee to be paid into the UPU Provident Scheme, as decided by Congress, i.e. 3,723,500 CHF. This amount was paid in full in 2021.

## Notes to the financial statements

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

### Note 1 – Objectives and budget of the organization

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

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

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

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

The UPU is governed by Congress, the Council of Administration and the Postal Operations Council, its constituent bodies established under the UPU Constitution.

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

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

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

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

In its consolidated financial statements, the Union presents all the revenue and expenses associated with the strategic objectives of the organization, including those of a number of entities. These entities participate fully

in the organization's mission and also benefit from administrative support provided by the International Bureau. They are neither legal entities nor cooperative companies as defined under private law, and direct oversight is exercised by the UPU's bodies. These entities are fully consolidated in the UPU financial statements.

The entities controlled are as follows:

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

## **Note 2 – Significant accounting policies**

### *Basis of preparation*

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

### *Controlled entities*

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

### *Transactions eliminated during consolidation*

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

### *Cash, investments and other financial assets*

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

*Employee benefits*

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

*Expense recognition*

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

*Financial instruments*

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

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

Unconditional receivables are non-derivative financial assets for which payment is fixed or determinable and which are not listed on an active market. They include set contributions and other amounts receivable in cash. Short-term receivables are stated at nominal value. Longer-term receivables covering overdue payments of member countries under sanction that have negotiated a repayment agreement are valued at amortized cost using the effective interest method.

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

*Foreign currency transactions*

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

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

Exchange rates used:

<i>1 CHF</i>	<i>USD</i>	<i>EUR</i>
31 December 2021	1.092	0.962
31 December 2020	1.133	0.923

*Fixed assets*

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

Occupied buildings are valued at the cost of construction when new, plus the cost of subsequent improvements as determined by an independent expert at 1 January 2010, less accumulated depreciation. Values were determined by an independent external consultant, based on the values of each component at construction, plus improvements existing at the initial recognition date of 1 January 2010 and less accumulated depreciation



based on the remaining useful life of each component. Subsequent costs of major renovations and improvements to fixed assets that increase or extend the future economic benefits or service potential are valued at cost.

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

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

<i>Category</i>		<i>Estimated useful life (years)</i>
Equipment	Computer equipment, including screens	4 or 5
	Printers	3 to 5
	Portable computers and servers	3
	Network switches	7
	Other equipment	10
	Office furnishings other than chairs	10
	Chairs	5
	Security and safety equipment	5
	Telephones and fax machines	5
	Central telecommunication equipment	7
	Mobile telephones	2
	Audiovisual equipment	5
	Motor vehicles	8
	Other equipment	5 to 10
Buildings	Structure	100
	Facade	50
	Roof	60
	Floors, walls and stairways	50
	Flooring, wall coverings	40
	Forecourt	40
	Trees and plants	20
	Kitchen equipment	40
	Conference rooms	40
	Heating and ventilation	30
	Sanitary facilities	40
	Electrical installations	50
	Lifts	40

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

#### *Inventories*

Inventories include the postage stamps (valued at face value) held by the Union for operations, souvenirs held for sale (valued at cost or fair value, whichever is lower), and IRCs held in stock (valued at the cost of production). The inventory of completed publications is considered immaterial, and costs relating to the production of

publications are put to account when incurred. The fuel used for heating the headquarters building is considered an administrative cost and is put to account when acquired.

### *Intangible assets*

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

### *Net assets*

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

### *Provisions*

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

### *Receivables*

Receivables are estimated using the amortized cost method. A valuation adjustment for non-recoverable receivables is established for all amounts two or more years past due (from the date of the invoice). Interest of 5% is charged on any unpaid balance over three months past due.

### *Revenue recognition*

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

Revenue from non-exchange transactions, such as voluntary contributions to development activities, is recognized as revenue at the time an agreement with a donor becomes binding, unless the agreement contains conditions related to specific performance or the return of unexpended balances, in which case an offsetting liability is recognized until the conditions have been met. If there is no binding agreement, revenue is recognized upon receipt of the funds.

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

### *Segment reporting*

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

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

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

#### *Use of estimates*

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

#### *IPSAS implementation*

All standards in force have been applied as of the date of the financial statements.

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

<i>IPSAS</i>	<i>Name</i>	<i>Date of entry into force</i>
IPSAS 41	Financial instruments	1 January 2023
IPSAS 42	Social benefits	1 January 2023

While IPSAS 42 should not affect the UPU accounts significantly, the adoption of IPSAS 41 will have an impact when it comes into effect in 2023, in particular with regard to valuation methods for investments and provisions for debts.

#### *Restating of 2020 accounts*

Following an error in the accounting of actuarial losses according to IPSAS 39 at 31 December 2020, the comparative figures at that date were restated. This recalculation affected the 2020 accounts as follows:

- Statements II and IV, notes 20 and 26: Reduction of staff costs by 1,886,440 CHF and corresponding increase in the result.
- Statements III and IV, notes 12 and 26: Increase of 1,886,440 CHF in the actuarial losses.

#### **Note 3 – Cash and cash equivalents (in CHF)**

	<i>2021</i>	<i>2020</i>
<i>Current assets</i>		
Petty cash	12,122	15,565
<i>Bank accounts</i>		
Credit Suisse	12,434,054	17,691,413
UBS	628,688	958,610
PostFinance	12,354,757	13,183,617
BPS	0	296,528
<i>Subtotal bank accounts</i>	<i>25,417,500</i>	<i>32,130,168</i>
<i>Sight deposits</i>		
Credit Suisse	22,082,163	26,929,321
PostFinance	0	1,000,559
<i>Subtotal sight deposits</i>	<i>22,082,163</i>	<i>27,929,880</i>
<b>Total cash</b>	<b>47,511,785</b>	<b>60,075,614</b>

Cash deposits are generally held in instant-access bank accounts and interest-bearing accounts (call account, cash deposit account). In 2021, the average rate of interest earned on bank accounts and investments held by the Union was -0.0855% (0.3031% in 2020).

The Union has no confirmed credit lines, but maintains limited and informal overdraft arrangements with the banks with which it has funds on deposit. These arrangements may be withdrawn by the banks at any time. No overdraft facilities were required in 2020 or 2021.

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

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

	2021	Percentage	2020	Percentage
CHF	24,957,428	52.5%	18,082,780	30.1%
USD	19,060,628	40.1%	30,083,741	50.1%
EUR	3,493,728	7.4%	11,909,093	19.8%
<b>Total</b>	<b>47,511,785</b>	<b>100.0%</b>	<b>60,075,614</b>	<b>100.0%</b>

At 31 December 2021, of the total amount of cash held, 3,026,918 CHF was unrestricted cash held by the Union. In 2020, that amount stood at 8,104,035 CHF. Funds available in the short term, cash and investments for a period of less than one year (see note 7) stood at 29,346,918 CHF, against 19,428,535 CHF in 2020. The UPU keeps to a strict minimum amounts in current accounts with negative interest. The balance represents cash held on behalf of other entities and controlled entities included in the consolidated financial statements. The exact amount of the cash held by each entity is shown on the statement of financial position by segment (following note 26).

The Union's liquid assets are kept to a minimum; instead, short-term investments are used to shelter the Union from the effects of the negative interest rates on the Swiss franc.

The Union minimizes its credit risk by holding most of its funds in banks with high Fitch or S&P credit ratings. Balances at the reporting dates are as follows:

	AAA/AA+/AA	A+	A
Balance at 31 December 2021	46,870,974	628,688	–
Balance at 31 December 2020	14,184,176	45,579,344	–
	BBB/BBB-	Not rated	Total
Balance at 31 December 2021	0	12,122	47,511,785
Balance at 31 December 2020	296,528	15,565	60,075,614

#### Note 4 – Accounts receivable, advances and prepayments (in CHF)

	31 December 2021	31 December 2020
<i>Current receivables – non-exchange transactions</i>		
Statutory contributions receivable	20,904,009	25,827,026
USPS contribution 2022 – Provident Scheme and postal security	8,000,000	8,000,000
Technical cooperation funds receivable	267,944	924,342
QSF funds receivable	545,014	13,346

	<i>31 December 2021</i>	<i>31 December 2020</i>
EMS Cooperative contributions receivable	63,120	74,855
Telematics Cooperative contributions receivable	139,913	159,561
<i>Total receivables – non-exchange transactions</i>	29,919,999	34,999,129
<i>Current receivables – exchange transactions</i>		
Union receivables	26,225	36,030
PPS contributions receivable	51,000	48,000
UPU*Clearing receivables	19,159,557	16,856,839
Voluntary Fund receivables	283,439	413,361
IRC receivables	362,333	234,807
Telematics Cooperative receivables	2,354,252	2,043,567
<i>Total receivables – exchange transactions</i>	22,236,805	19,632,603
<b>Total current receivables</b>	<b>52,156,804</b>	<b>54,631,732</b>
<i>Non-current receivables – non-exchange transactions</i>		
Statutory contributions receivable	730,590	90,073
USPS contribution 2023–2024 – Provident Scheme and postal security	16,000,000	24,000,000
<b>Total receivables</b>	<b>68,887,394</b>	<b>78,721,805</b>

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

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

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

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

In 2021, USPS paid the second tranche of 8 million CHF, of which, in accordance with its instructions, 5,733,650 CHF was paid into the Provident Scheme and 2,266,350 CHF was paid into the tied fund (see note 19).

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

The ageing analysis of receivables is presented below:

<i>Type of receivable (in CHF)</i>	<i>Until 31 December 2019 and coun- tries under sanctions</i>	<i>Provision for unpaid and doubtful debts</i>	<i>Subtotal of unpaid and doubtful debts</i>	<i>2020/2021</i>	<i>Total accounts receivable (net)</i>
Union receivables	35,336,399	-35,336,399	–	21,660,824	21,660,824
Telematics Cooperative receivables	341,667	-341,667	–	2,494,165	2,494,165
EMS Cooperative receivables	12,242	-12,242	–	63,120	63,120
PPS receivables	–	–	–	51,000	51,000
Voluntary Fund receivables	193,212	-193,212	–	551,383	551,383
QSF receivables	–	-49,184	-49,184	594,198	545,014
UPU*Clearing receivables	–	–	–	19,159,557	19,159,557
IRC receivables	–	–	–	362,333	362,333
<b>Total</b>	<b>35,883,519</b>	<b>-35,932,703</b>	<b>-49,184</b>	<b>44,936,578</b>	<b>44,887,394</b>
USPS contribution 2021–2024 – Provident Scheme and postal security	–	–	–	–	24,000,000
<b>Total including contributions not yet due</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>68,887,394</b>

	<i>31 December 2020 (in CHF)</i>	<i>Increase</i>	<i>Decrease</i>	<i>Use</i>	<i>31 December 2021 (in CHF)</i>
<i>Provisions</i>					
<i>Non-exchange transactions</i>					
Statutory contri- butions	34,800,976	347,443	–	–	35,148,419
Voluntary Fund	32,881	8,102	–	–	40,983
Telematics Cooperative	71,554	–	15,250	–	56,304
EMS Cooperative	7,889	4,353	–	–	12,242
QSF funds	33,632	15,552	–	–	49,184
<b>Subtotal non- exchange trans- actions</b>	<b>34,946,932</b>	<b>375,450</b>	<b>15,250</b>	<b>–</b>	<b>35,307,131</b>

	31 December 2020 (in CHF)	Increase	Decrease	Use	31 December 2021 (in CHF)
<i>Exchange trans- actions</i>					
Union	178,770	9,210	–	–	187,979
Telematics Cooperative	140,524	144,839	–	–	285,363
Voluntary Fund	124,878	27,352	–	–	152,230
<b>Subtotal exchange trans- actions</b>	<b>444,172</b>	<b>181,401</b>	<b>–</b>	<b>–</b>	<b>625,572</b>
<b>Total provision</b>	<b>35,391,104</b>	<b>556,851</b>	<b>15,250</b>	<b>–</b>	<b>35,932,703</b>

#### Note 5 – Inventories (in CHF)

	2021	2020
<i>Inventories</i>		
Stock of postage stamps and UPU souvenirs	90,569	95,085
Stock of barcodes	12,481	18,876
Stock of IRCs	9,106	56,766
<b>Total inventories</b>	<b>112,156</b>	<b>170,727</b>

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

#### Note 6 – Other current assets (in CHF)

	2021	2020
<i>Other current assets</i>		
Prepaid expenses and deferred charges	2,840,643	2,465,547
Staff advances	517,355	927,194
Other advances	449,460	320,225
Tax advances	180,421	799,954
<b>Total other current assets</b>	<b>3,987,879</b>	<b>4,512,920</b>
<i>Other non-current assets</i>		
Staff advances (Social Fund)	17,850	15,500
<b>Total other assets</b>	<b>4,005,729</b>	<b>4,528,420</b>

Other assets comprise various prepaid expenses and advances.

Staff advances represent the value of salary advances, Social Fund loans, education grants, and mission advances for regional project coordinators and other staff.

Other advances correspond to mission advances for consultants, advances for external consultants and interpreters, petty cash advances for regional project coordinators, the advance for the franking machine in the mailroom, as well as the service clearing account (SCA) with the United Nations Development Programme (UNDP).

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

#### Note 7 – Investments (in CHF)

	2021	2020
<i>Current investments</i>		
Deposits and bonds under one year	87,770,689	56,465,725
<b>Subtotal</b>	<b>87,770,689</b>	<b>56,465,725</b>
<i>Non-current investments</i>		
Deposits and bonds over one year	32,562,709	41,868,243
<b>Total investments</b>	<b>120,333,398</b>	<b>98,333,968</b>

Funds are placed in deposits for periods ranging from four to 18 months. The portion of these investments maturing in 2022 is presented under current investments.

The Union invests funds not required for immediate use on behalf of the QSF. The funds are managed by an external fund manager and are invested in bonds in US dollars. At the reporting date, the value of these bonds was 73,837,648 CHF, of which 41,274,938 CHF will mature in 2022.

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

All bonds are rated A- to AA+, based on the S&P ratings at 31 December 2021. Deposits held at Credit Suisse are rated A.

#### Note 8 – Equipment (in CHF)

	<i>IT equipment</i>	<i>Other equipment</i>	<i>Total</i>
Cost at 1 January 2020	4,561,187	2,054,548	6,615,735
Additions	47,525	81	47,607
Disposals	–	–	–
<b>Cost at 31 December 2020</b>	<b>4,608,712</b>	<b>2,054,629</b>	<b>6,663,342</b>
Exchange difference	–	-9,336	-9,336
Net	4,608,712	2,045,293	6,654,006
<b>Net at 31 December 2020</b>	<b>4,608,712</b>	<b>2,045,293</b>	<b>6,654,006</b>
Additions	41,771	8,057	49,828
Disposals	–	–	–
<b>Cost at 31 December 2021</b>	<b>4,650,484</b>	<b>2,053,350</b>	<b>6,703,834</b>
Exchange difference	–	3,153	3,153
<b>Net cost at 31 December 2021</b>	<b>4,650,484</b>	<b>2,056,503</b>	<b>6,706,987</b>



	<i>IT equipment</i>	<i>Other equipment</i>	<i>Total</i>
<b>Accumulated depreciation at 1 January 2020</b>	<b>3,294,083</b>	<b>1,505,894</b>	<b>4,799,977</b>
Depreciation 2020	604,098	168,177	772,275
Disposals	–	–	–
Loss on disposed equipment	–	-9,336	-9,336
<b>Accumulated depreciation at 31 December 2020</b>	<b>3,898,181</b>	<b>1,664,735</b>	<b>5,562,916</b>
Depreciation 2021	494,001	145,151	639,152
Disposals	–	–	–
Loss on disposed equipment	–	3,153	3,153
<b>Accumulated depreciation at 31 December 2021</b>	<b>4,392,182</b>	<b>1,813,039</b>	<b>6,205,221</b>
Net carrying value at 31 December 2020	710,532	380,558	1,091,089
<b>Net carrying value at 31 December 2021</b>	<b>258,302</b>	<b>243,464</b>	<b>501,766</b>

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

#### Note 9 – Intangible assets (in CHF)

	<i>Intangible assets</i>	<i>Work in progress</i>	<i>Total</i>
Cost at 1 January 2020	1,435,673	434,040	1,869,714
Transfers	434,040	-434,040	–
Additions	196,502	8,344	204,846
Disposals	–	–	–
<b>Cost at 31 December 2020</b>	<b>2,066,215</b>	<b>8,344</b>	<b>2,074,560</b>
Transfers	8,344	-8,344	–
Additions	130,151	154,125	284,276
Disposals	–	–	–
<b>Cost at 31 December 2021</b>	<b>2,204,710</b>	<b>154,125</b>	<b>2,358,835</b>
Accumulated depreciation at 1 January 2020	985,536	–	985,536
Depreciation 2020	237,064	–	237,064
Accumulated depreciation at 31 December 2020	1,222,600	–	1,222,600
Depreciation 2021	250,419	–	250,419
Accumulated depreciation at 31 December 2021	1,473,020	–	1,473,020
Net carrying value at 31 December 2020	843,615	8,344	851,959
<b>Net carrying value at 31 December 2021</b>	<b>731,691</b>	<b>154,125</b>	<b>885,816</b>

The costs of contractor services and software acquisition are capitalized over a useful life of five years. The work in progress for 2021, in the amount of 154,125 CHF, relates to investment in the projects on the digitalization of accounting documents and renewal of the Pegasus system.

**Note 10 – Land and buildings (in CHF)**

	<i>Building</i>	<i>Work in progress</i>	<i>Non-refundable grants</i>	<i>Total</i>
Cost at 1 January 2019	35,230,564	–	-993,403	34,237,161
Additions	–	–	–	–
Transfer	–	–	–	–
<b>Cost at 31 December 2019</b>	<b>35,230,564</b>	<b>–</b>	<b>-993,403</b>	<b>34,237,161</b>
Additions	–	–	–	–
Transfer	–	–	–	–
<b>Cost at 31 December 2020</b>	<b>35,230,564</b>	<b>–</b>	<b>-993,403</b>	<b>34,237,161</b>
Additions	–	–	–	–
Transfer	–	–	–	–
<b>Cost at 31 December 2021</b>	<b>35,230,564</b>	<b>–</b>	<b>-993,403</b>	<b>34,237,161</b>
Accumulated depreciation at 1 January 2019	10,391,574	–	-157,816	10,233,758
Depreciation 2019	1,263,310	–	-22,316	1,240,993
<b>Accumulated depreciation at 31 December 2019</b>	<b>11,654,884</b>	<b>–</b>	<b>-180,132</b>	<b>11,474,751</b>
Depreciation 2020	909,703	–	-22,346	887,357
<b>Accumulated depreciation at 31 December 2020</b>	<b>12,564,587</b>	<b>–</b>	<b>-202,478</b>	<b>12,362,109</b>
Depreciation 2021	904,126	–	-22,316	881,809
<b>Accumulated depreciation at 31 December 2021</b>	<b>13,468,712</b>	<b>–</b>	<b>-224,794</b>	<b>13,243,918</b>
Net carrying value at 31 December 2020	22,665,978	–	-790,925	21,875,053
<b>Net carrying value at 31 December 2021</b>	<b>21,761,852</b>	<b>–</b>	<b>-768,609</b>	<b>20,993,243</b>

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

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

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

The non-refundable subsidies were paid by the City of Berne, the "Buildings Programme" and the Building Foundation for International Organizations.

**Note 11 – Accounts payable and accrued expenses**

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

	<i>31 December 2021</i>	<i>31 December 2020</i>
IRC creditors	52,644	26,382
UPU*Clearing creditors	19,159,557	16,872,619
QSF creditors	1,100,927	1,280,419
Embassy of Finland	4,200	4,200
Embassy of the Dominican Republic	2,100	2,100
Embassy of Belgium	3,067	7,667
UNHCR	9,333	13,333
<b>Total accrued expenses</b>	<b>20,331,827</b>	<b>18,206,720</b>
Accounts payable	2,647,858	1,507,392
<b>Total accounts payable and accrued expenses</b>	<b>22,979,685</b>	<b>19,714,112</b>

**Note 12 – Employee benefits**

Employee benefits comprise the following:

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

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

	<i>31 December 2021</i>	<i>31 December 2020</i>
<i>Current liabilities</i>		
Annual leave	3,229,894	3,037,320
Overtime	108,834	104,140
<b>Subtotal current liabilities</b>	<b>3,338,728</b>	<b>3,141,460</b>
<i>Non-current liabilities</i>		
Repatriation – removal and travel	924,376	972,168
Repatriation grant	1,646,386	1,608,754
After-service health insurance	42,052,863	52,601,612
Death benefits	72,077	80,885
<i>Subtotal</i>	<i>44,695,702</i>	<i>55,263,419</i>

	31 December 2021	31 December 2020
Provident Scheme and pension fund	178,044,958	223,415,882
Elected official complementary allowance	1,734,762	1,042,542
Cost-of-living allowance	344,083	502,689
Surviving spouse insurance	–	–
<i>Subtotal Provident Scheme</i>	<i>180,123,804</i>	<i>224,961,113</i>
<b>Subtotal non-current liabilities</b>	<b>224,819,506</b>	<b>280,224,532</b>
<b>Total employee benefits</b>	<b>228,158,235</b>	<b>283,365,992</b>

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

#### *Provident Scheme*

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

The Provident Scheme consists of a Provident Fund and a Pension Fund, administered by a Management Board consisting of the Chair of the CA, the Director General of the International Bureau, and a staff member designated by the active participants. The Pension Fund is a closed fund providing benefits to those persons who were members of the Provident Scheme at 31 December 1963. All other staff and retirees are covered by the Provident Fund.

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

#### *After-service health insurance*

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

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

- Actuarial valuations are prepared annually for the Provident Scheme and ASHI using the projected unit cost method.
- The discount rate used is 0.35%, based on the recommendation of the Swiss Chamber of Pension Fund Experts in relation to the duration of the portfolio. A rate of 0.35% is considered appropriate, given the recommended range for a duration of between 15 and 20 years.
- The expected rate of return on assets is 0.35%, in accordance with IPSAS 39. In this regard, it should be noted that IPSAS 39 no longer allows discrepancies between the expected return and the discount rate when determining pension costs. This explains why, henceforth, the expected returns and the proposed discount rate will be equal.

- Plan assets were invested in the following classes at 31 December 2021:
  - Liquid assets: 3.53%.
  - Bonds in Swiss francs: 15.59%.
  - Bonds in foreign currencies: 9.21%.
  - Shares in Swiss francs: 24.86%.
  - Shares in foreign currencies: 24.24%.
  - Real estate: 22.08%.
  - Loans: 0.49%.
- Employer contributions totalled 16,567,000 CHF in 2021. This includes a payment of 3,723,500 CHF in Union guarantees and the second payment from USPS in the amount of 5,733,650 CHF. The amount of contributions for 2022 is forecast to be around 14,880,000 CHF, which includes guarantees worth 3,723,500 CHF and an additional sum from USPS that is still to be finalized.
- The total liabilities for benefits covered by the two schemes, excluding the liabilities attributable to the translation services, are as follows:

	<i>31 December 2021 Provident Scheme</i>	<i>31 December 2021 After-service health insurance</i>
Discount rate	0.35%	0.35%
Expected return on plan assets	0.35%	–
Future salary increases	2.00%	–
Future pension increases	0.00%	–
Medical costs inflation	–	2.35%
Probability of outflow	LPP 2020	LPP 2020
Mortality and invalidity	VZ 2020	VZ 2020
Expected average remaining working lives (in years)	18.01	20.04
Present value of obligation at 1 January 2021	487,648,826	52,601,612
Interest costs	717,239	78,090
Current service costs	14,222,129	2,263,485
Benefits paid (net of redemptions)	-10,338,240	-1,101,409
Actuarial loss (gain) on obligation	-14,735,097	-11,788,915
<b>Value of obligation at 31 December 2021</b>	<b>477,514,857</b>	<b>42,052,863</b>
Fair value of plan assets at 1 January 2021	262,687,713	–
Expected return on plan assets	390,451	–
Employer contributions	15,965,927	–
Employee contributions	3,239,140	–
Benefits paid	-13,577,380	–
Actuarial gain (loss) on plan assets	28,685,202	–
<b>Fair value of plan assets at 31 December 2021</b>	<b>297,391,053</b>	<b>–</b>
<i>Amounts recognized on the statement of financial position</i>		
Present value of obligations at 31 December 2021	477,514,857	42,052,863
Fair value of plan assets at 31 December 2021	-297,391,053	–

	<i>31 December 2021 Provident Scheme</i>	<i>31 December 2021 After-service health insurance</i>
<b>Liability recognized on the statement of financial position</b>	<b>180,123,804</b>	<b>42,052,863</b>
<i>Amounts recognized on the statement of financial performance</i>		
Interest costs	717,239	78,090
Current service costs	14,222,129	2,263,485
Expected return on plan assets	-390,451	–
<b>Amount recognized on the statement of financial performance</b>	<b>14,548,917</b>	<b>2,341,575</b>
<i>Amounts recognized in net assets</i>		
Actuarial gain (loss) on changes in demographic assumptions	1,055,313	992,564
Actuarial gain (loss) on changes in financial assumptions	17,014,292	12,302,046
Actuarial gain (loss) on experience	-3,334,508	-1,505,695
Actuarial gain (loss) on plan assets	28,685,202	–
<b>Amount recognized in net assets</b>	<b>43,420,299</b>	<b>11,788,915</b>

	<i>31 December 2020 Provident Scheme</i>	<i>31 December 2020 After-service health insurance</i>
Discount rate	0.15%	0.15%
Expected return on plan assets	0.15%	–
Future salary increases	2.00%	–
Future pension increases	–	–
Medical costs inflation	–	3.45%
Probability of outflow	LPP 2020	LPP 2020
Mortality and invalidity	VZ 2015	VZ 2015
Expected average remaining working lives (in years)	18.32	22.58
Present value of obligation at 1 January 2020	476,932,301	50,935,280
Interest costs	1,171,135	126,082
Current service costs	14,978,181	2,438,984
Benefits paid (net of redemptions)	-10,223,063	-1,028,419
Actuarial loss (gain) on obligation	4,790,272	129,685
<b>Value of obligation at 31 December 2020</b>	<b>487,648,826</b>	<b>52,601,612</b>
Fair value of plan assets at 1 January 2020	251,597,028	–
Expected return on plan assets	621,766	–
Employer contributions	16,715,245	–
Employee contributions	3,264,739	–
Benefits paid	-13,487,802	–

	<i>31 December 2020 Provident Scheme</i>	<i>31 December 2020 After-service health insurance</i>
Actuarial gain (loss) on plan assets	3,976,737	–
<b>Fair value of plan assets at 31 December 2020</b>	<b>262,687,713</b>	<b>–</b>
<i>Amounts recognized on the statement of financial position</i>		
Present value of funded obligations at 31 December 2020	487,648,826	52,601,612
Fair value of plan assets at 31 December 2020	-262,687,713	–
<b>Liability recognized on the statement of financial position</b>	<b>224,961,113</b>	<b>52,601,612</b>
<i>Amounts recognized on the statement of financial performance</i>		
Interest costs	1,171,135	126,082
Current service costs	14,978,181	2,438,984
Expected return on plan assets	-621,766	–
<b>Amount recognized on the statement of financial performance</b>	<b>15,527,550</b>	<b>2,565,066</b>
<i>Amounts recognized in net assets</i>		
Actuarial gain (loss) on changes in demographic assumptions	6,767,563	686,113
Actuarial gain (loss) on changes in financial assumptions	-8,539,474	494,086
Actuarial gain (loss) on experience	-3,018,361	-1,309,884
Actuarial gain (loss) on plan assets	3,976,737	–
<b>Amount recognized in net assets</b>	<b>-813,535</b>	<b>-129,685</b>

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

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

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

<i>Sensitivity of Provident Scheme benefit obligations for 2021</i>						
<i>Factor</i>	<i>Base value</i>	<i>Variation</i>	<i>Value of obligation at 31 December 2021</i>	<i>Impact in %</i>	<i>Service costs expected for 2022</i>	<i>Impact in %</i>
Baseline	–	–	477,514,857		16,812,749	

<i>Sensitivity of Provident Scheme benefit obligations for 2021</i>						
<i>Factor</i>	<i>Base value</i>	<i>Variation</i>	<i>Value of obligation at 31 December 2021</i>	<i>Impact in %</i>	<i>Service costs expected for 2022</i>	<i>Impact in %</i>
Discount rate	+0.35%	-0.50%	521,923,802	+9.30%	19,018,834	+13.12%
		+0.50%	438,871,039	-8.09%	14,945,691	-11.11%
Salary growth rate	+2.00%	-0.50%	468,176,731	-1.96%	15,990,592	-4.89%
		+0.50%	487,712,919	+2.14%	17,687,597	+5.20%
Pension adjustment	0.00%	+0.50%	509,582,934	+6.72%	17,975,332	+6.91%
Longevity	VZ2020 Gen	+1 year life expectancy	495,797,090	+3.83%	17,322,643	+3.03%

<i>Sensitivity of Provident Scheme benefit obligations for 2020</i>						
<i>Factor</i>	<i>Base value</i>	<i>Variation</i>	<i>Value of obligation at 31 December 2020</i>	<i>Impact in %</i>	<i>Service costs expected for 2021</i>	<i>Impact in %</i>
Baseline	–	–	487,648,826		17,461,269	
Discount rate	+0.15%	-0.50%	534,219,343	+9.55%	19,808,262	+13.44%
		+0.50%	447,243,895	-8.29%	15,480,706	-11.34%
Salary growth rate	+2.00%	-0.50%	477,892,327	-2.00%	16,611,321	-4.87%
		+0.50%	498,284,458	+2.18%	18,387,048	+5.30%
Pension adjustment	0.00%	+0.50%	521,236,107	+6.89%	18,707,144	+7.14%
Longevity	VZ2015 Gen	+1 year life expectancy	503,500,837	+3.25%	17,914,503	+2.60%

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

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

<i>Sensitivity of obligation to participate in health insurance premiums in 2021</i>						
<i>Factor</i>	<i>Base value</i>	<i>Variation</i>	<i>Value of obligation at 31 December 2021</i>	<i>Impact in %</i>	<i>Service costs expected for 2022</i>	<i>Impact in %</i>
Baseline	–	–	42,052,863		1,546,678	
Discount rate	+0.35%	-0.50%	46,445,141	+10.44%	1,797,778	+16.23%
		+0.50%	38,261,613	-9.02%	1,337,300	-13.54%
Future inflation of medical costs	+2.35%	-1.00%	35,185,819	-16.33%	1,170,154	-24.34%
		+1.00%	51,020,783	+21.33%	2,072,233	+33.98%
Longevity	VZ2020 Gen	+1 year life expectancy	44,457,321	+5.72%	1,626,292	+5.15%



<i>Sensitivity of obligation to participate in health insurance premiums in 2020</i>						
<i>Factor</i>	<i>Base value</i>	<i>Variation</i>	<i>Value of obligation at 31 December 2020</i>	<i>Impact in %</i>	<i>Service costs expected for 2021</i>	<i>Impact in %</i>
Baseline	–	–	52,601,612		2,263,485	
Discount rate	+0.15%	-0.50%	58,904,665	+11.98%	2,657,453	+17.41%
		+0.50%	47,233,506	-10.21%	1,938,220	-14.37%
Future inflation of medical costs	+3.45%	-1.00%	43,012,882	-18.23%	1,686,657	-25.48%
		+1.00%	65,406,646	+24.34	3,080,742	+36.11%
Longevity	VZ2015 Gen	+1 year life expectancy	55,394,092	+5.31%	2,375,719	+4.96%

We can see that the impact of a one-point variation in the assumed inflation rate of medical costs is equivalent to roughly 21% of the present value of the obligation in relation to the contribution to health insurance premiums.

With the adoption of IPSAS 39 in 2018, the Union recognizes actuarial gains and losses related to the Provident Scheme and after-service health insurance directly in a separate section of its net assets. The accumulated amount at 31 December 2021 was 90,265,464 CHF (compared with 145,474,678 CHF at 31 December 2020).

#### **Actuarial (gains) losses in net assets**

<i>After-service health insurance</i>	<i>2021</i>	<i>2020 (restated)</i>
Actuarial (gains) losses		
– on changes in financial assumptions	-12,302,046	-494,086
– on changes in demographic assumptions	-992,564	-686,113
– on experience	1,505,695	1,309,884
Amount recognized in net assets	-11,788,915	129,685
<b>Accumulated amount of actuarial (gains) losses in net assets</b>	<b>-8,563,758</b>	<b>3,225,157</b>

<i>Provident Scheme</i>	<i>2021</i>	<i>2020 (restated)</i>
Actuarial (gains) losses		
– on changes in financial assumptions	-17,014,292	8,539,474
– on changes in demographic assumptions	-1,055,313	-6,767,563
– on experience	3,334,508	3,018,361
(Gain) loss on plan assets	-28,685,202	-3,976,737
Amount recognized in net assets	-43,420,299	813,535
<b>Accumulated amount of actuarial (gains) losses in net assets</b>	<b>98,829,222</b>	<b>142,249,521</b>
<b>Total accumulated amount (health insurance and Provident Scheme) in net assets</b>	<b>90,265,464</b>	<b>145,474,678</b>

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

- Repatriation grants, repatriation travel and shipment of personal effects for internationally recruited staff members at the time of their separation from service;
- Death benefits providing supplemental allowances to staff members;

- Supplemental retirement benefits for elected officials (a guaranteed minimum level of retirement benefit for the Director General and Deputy Director General);
- Cost-of-living allowance.

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

	31 December 2021	31 December 2020
Repatriation – removal and travel	924,376	972,168
Repatriation grant	1,646,386	1,608,754
Death benefits	72,077	80,885
Elected official complementary allowance	1,734,762	1,042,542
Cost-of-living allowance	344,083	502,689
<b>Total post-employment benefits</b>	<b>4,721,685</b>	<b>4,207,038</b>

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

- Annual leave: staff members are eligible for 30, and may accumulate up to 60, days of annual leave, of which 30 are payable on separation from service;
- Overtime: staff members are eligible to be paid in cash for overtime accrued after the expiry of a period established in the Staff Regulations and Rules.

	31 December 2021	31 December 2020
Annual leave	3,229,894	3,037,320
Overtime	108,834	104,140
<b>Total post-employment benefits</b>	<b>3,338,728</b>	<b>3,141,460</b>

### Note 13 – Deferred revenue and advance receipts (in CHF)

	31 December 2021	31 December 2020
Available assets	4,365,903	5,364,279
PPS*Clearing available assets and guarantees	516,761	7,043,075
UPU*Clearing available assets	3,558,314	2,964,157
UPU*Clearing contributions invoiced in advance	257,610	238,449
IRC sales	2,140,769	1,665,773
QSF available assets	69,719,896	69,070,471
<b>Subtotal advance receipts</b>	<b>80,559,253</b>	<b>86,346,204</b>
Statutory contributions invoiced in advance	37,900,200	37,946,200
USPS contribution 2022–2024 – Provident Scheme and postal security	24,000,000	32,000,000
Multi-year integrated projects (MIPs) financed by countries	13,839	13,839
Telematics Cooperative deferred revenue for special projects	348,778	93,377
Voluntary contributions billed in advance (Voluntary Funds)	439,500	446,500
Voluntary Fund (conditional)	14,561,716	8,705,523
Funds on deposit	102,319	102,319
QSF projects in progress	23,511,421	25,776,123
<b>Subtotal deferred revenue</b>	<b>100,877,773</b>	<b>105,083,881</b>
<b>Total deferred revenue and advance receipts</b>	<b>181,437,027</b>	<b>191,430,085</b>

The Union collects statutory contributions covering future financial periods which are recognized at the commencement of the financial period covered by the assessment. In addition, conditional voluntary contributions toward development support (non-exchange transactions) are recognized as revenue when the services covered by the voluntary contribution are performed. All amounts shown represent fair value.

The contribution from USPS is shown as deferred revenue and is due to be received over the next three years.

The UPU receives voluntary contributions subject to certain conditions. Funds received from third parties are used to support the implementation of various projects. These funds are recognized as revenue as and when expenses are incurred. At the end of the period, unused funds are recognized in deferred revenue as conditional voluntary funds.

IRCs are sold to post offices for resale to individual customers. Unused coupons may be returned by the post offices to the UPU.

Available assets within the framework of the PPS\*Clearing system decreased significantly following the repayment of available assets to certain countries, in particular to France, which is no longer an active member of this system.

UPU\*Clearing creditors (available assets and assets in transit) represent the total available assets of certain countries that have deposited a sum of money as a security for payment and accrued liabilities for the year.

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

<i>QSF funds held for projects in progress</i>	<i>31 December 2021</i>	<i>31 December 2020</i>
Capital, projects in progress	47,016,100	54,101,617
Capital advances to projects	-23,504,679	-28,325,494
<b>QSF projects in progress</b>	<b>23,511,421</b>	<b>25,776,123</b>

#### **Note 14 – Provisions**

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

Provision for litigation at 1 January 2020	150,000
Increase	75,000
Decrease	-150,000
Use	–
Provision for litigation at 31 December 2020	75,000
Increase	–
Decrease	-25,000
Use	–
Provision for litigation at 31 December 2021	50,000

The Union is subject to litigation as part of its normal activities. Events prior to 31 December 2021 have created certain legal obligations at the reporting date. Since it is probable that these obligations will require future settlement, and since the settlement amounts can be reliably estimated, a provision for legal costs has been established. In 2021, rulings were made on one case without a financial impact for the UPU, and one case was withdrawn by the plaintiff. On the basis of the information available, the amount of the provision was therefore reviewed and set at 50,000 CHF.

### Note 15 – Funds held in trust for translation services

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

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

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

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

	31 December 2021	31 December 2020
Arabic (STAR)	4,675,156	4,322,039
English (STAN)	2,457,433	2,316,690
Portuguese (STPO)	553,207	522,786
<b>Total</b>	<b>7,685,797</b>	<b>7,161,514</b>

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

### Note 16 – Accumulated fund balances and reserves

The accumulated fund balance represents the accumulated net result of operations in 2021 and prior periods for the Union, including UPU\*Clearing, the Voluntary Fund and IRCs, and each of the controlled entities – the EMS Cooperative, Telematics Cooperative and QSF.

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

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

<i>Accumulated surplus (deficit)</i>	<i>31 December 2021 Closing balance</i>	<i>31 December 2020 Closing balance</i>
Union	-171,343,653	-221,018,231
Voluntary Fund (non-conditional)	-41,175	22,239
<b>Subtotal Union funds</b>	<b>-171,384,828</b>	<b>-220,995,992</b>
UPU*Clearing	-183,681	-675,355
IRC	-1,726,323	-1,996,020
Technical Cooperation Special Fund	873,999	792,181
Reserve article 17	1,283,225	1,800,586
Voluntary Fund	2,490,766	2,870,558
<b>Subtotal other funds</b>	<b>2,737,985</b>	<b>2,791,950</b>

<i>Accumulated surplus (deficit)</i>	<i>31 December 2021 Closing balance</i>	<i>31 December 2020 Closing balance</i>
EMS	-2,085,646	-3,650,713
Telematics Cooperative	-14,047,888	-21,179,698
QSF	3,976,371	3,158,423
<b>Subtotal controlled entities</b>	<b>-12,157,163</b>	<b>-21,671,988</b>
<b>Total accumulated surplus (deficit)</b>	<b>-180,804,006</b>	<b>-239,876,030</b>
Social Fund	2,702,598	2,756,011
Reserve for building	500,000	500,000
Special Activities Fund	521,951	521,951
<b>Total reserves</b>	<b>3,724,550</b>	<b>3,777,962</b>
<b>Total net assets</b>	<b>-177,079,457</b>	<b>-236,098,068</b>

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

#### **Note 17 – Related party transactions**

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

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

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

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

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

<i>2021</i>	<i>No. of individuals (full-time equivalent)</i>	<i>Salaries</i>	<i>Other allowances</i>	<i>Pension and health insurance</i>	<i>Recruitment allowances</i>	<i>Separation from service allowances</i>	<i>Total</i>
Elected officials	2	647,370	90,502	156,679	–	87,990	982,539
Directors	8.3	1,610,219	164,656	510,075	–	–	2,284,949
<b>Total</b>	<b>10.3</b>	<b>2,257,588</b>	<b>255,158</b>	<b>666,753</b>	<b>–</b>	<b>87,990</b>	<b>3,267,488</b>

2020	No. of individuals (full-time equivalent)	Salaries	Other allowances	Pension and health insurance	Recruitment allowances	Separation from service allowances	Total
Elected officials	2	582,136	86,462	157,488	–	–	826,086
Directors	8	1,545,814	162,111	489,292	–	–	2,197,217
<b>Total</b>	<b>10</b>	<b>2,127,950</b>	<b>248,574</b>	<b>646,780</b>	<b>–</b>	<b>–</b>	<b>3,023,303</b>

Key management staff and their close family members received no loans from the Union during the periods under review. Key management staff and their close family members received no other remuneration or compensation.

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

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

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

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

In 2021, the costs relating to Congress, which are borne by the host country, were also omitted, as these are not included in the organization's regular budget. Financial costs include the following elements:

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

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

2021	Operating	Investments	Funding	Total (CHF)
Total net expenses on basis comparable to adjusted budget	-72,310,000	–	0	-72,310,000
Financial costs not included in budget	-647,035	–	-2,309,195	-2,956,230
Interpretation for POC + CA	-1,242,081	–		-1,242,081
Adjustment of long-term employee benefits	-5,809,572	–		-5,809,572
<b>Total basis differences</b>	<b>-7,698,687</b>	<b>–</b>	<b>-2,309,195</b>	<b>-10,007,883</b>
Expenditure relating to Congress	-856,804	–		-856,804
Elimination of intercompany transactions	5,239,935	–		5,239,935

2021	Operating	Investments	Funding	Total (CHF)
Total entity differences	4,383,131	–	0	4,383,131
<b>Actual expenses on the statement of financial performance</b>	<b>-75,625,556</b>	–	<b>-2,309,195</b>	<b>-77,934,752</b>
Total revenue on the statement of financial performance	81,667,985	–		81,667,985
<b>Actual net result on the statement of financial performance</b>	<b>6,042,429</b>	–	<b>-2,309,195</b>	<b>3,733,233</b>

### Note 19 – Revenue

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

Statutory contributions from member countries (in CHF)	2021	2020
Contributions to the expenses of the Union	37,779,800	37,779,800
Contributions to the costs of French translation	166,400	156,000
Contributions to the Consultative Committee	45,000	42,000
<b>Total</b>	<b>37,991,200</b>	<b>37,977,800</b>

Other annual contributions include amounts paid annually by members of the Telematics Cooperative, EMS Cooperative and UPU\*Clearing.

Other annual contributions	2021	2020
Contributions to the PTC	1,092,500	1,095,000
Contributions to EMS	3,144,117	3,386,863
Contributions to UPU*Clearing	251,386	252,958
<b>Total</b>	<b>4,488,003</b>	<b>4,734,821</b>

Voluntary contributions include donor contributions to the Voluntary Fund; contributions toward the financing of technical cooperation projects; and contributions for multi-year integrated projects, regional project coordinators and Special Fund programmes. The contribution from USPS in 2021 was 8 million CHF, of which 5,733,650 CHF was paid into the Provident Scheme and 2,266,350 CHF into a tied fund.

Voluntary contributions (in CHF)	2021	2020
QSF contributions	9,053,368	12,743,414
Untied voluntary contributions	125,623	144,234
Tied contributions	4,646,114	4,040,660
USPS contribution to the Provident Scheme	5,733,650	6,410,270
Other financial contributions	1,122,316	22,396
<b>Total</b>	<b>20,681,071</b>	<b>23,360,974</b>

Sales include revenue related to various products and services, IRCs, services provided by the Telematics Cooperative and room rentals in the headquarters building.

<i>Sales (in CHF)</i>	<i>2021</i>	<i>2020</i>
POST*CODE, WNS, barcodes	1,268,267	1,225,276
Rebilling of IRC costs	100,588	16,165
Sales, missions, maintenance for IFS/IPS, etc.	10,718,416	9,608,292
Rent	507,070	472,209
Other sales	60,088	48,789
<b>Total</b>	<b>12,654,428</b>	<b>11,370,731</b>

Financial revenue includes the following:

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

<i>Financial revenue (in CHF)</i>	<i>2021</i>	<i>2020</i>
Interest on cash and cash equivalents	1,451,810	2,285,678
Interest on contributions receivable (gross)	307,294	448,421
Other financial revenue	0	0
Gain on investments	573	2,260
<b>Total</b>	<b>1,759,677</b>	<b>2,736,359</b>

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

<i>Other revenue (in CHF)</i>	<i>2021</i>	<i>2020</i>
Simultaneous interpretation	1,165,743	596,940
Social Fund income	0	644
Miscellaneous income	20,896	80,067
<b>Total</b>	<b>1,186,639</b>	<b>677,651</b>

## Note 20 – Expenses

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

Staff expenses include short-term employee benefits such as base salary, post adjustment, dependency allowances, pension contributions, health and other insurance contributions, annual leave and other entitlements for permanent and short-term staff and consultants. IPSAS adjustments include changes in the provisions for employee benefit liabilities.



<i>Staff expenses (in CHF)</i>	2021	2020 (restated)
Salaries and allowances	26,559,629	27,348,315
Temporary staff and overtime	551,011	694,163
Social security contributions	3,055,264	3,224,083
Recruitment and separation from service allowances	499,619	33,832
Insurance and Provident Scheme	18,608,516	19,766,968
Other staff costs	195,978	232,706
<b>Total</b>	<b>49,470,017</b>	<b>51,300,067</b>

Travel includes the costs of airfare; daily subsistence allowances; terminal and other travel expenses for staff travelling on official business; travel for delegates to the POC and CA; and travel for participants, lecturers and fellows in connection with training activities. In 2020 and 2021, owing to the pandemic, these expenses were unusually low.

<i>Travel (in CHF)</i>	2021	2020
Missions	70,076	140,122
Delegates and visitors	33,507	35,802
Congress/strategy conferences	341,825	14,887
<b>Total</b>	<b>445,408</b>	<b>190,811</b>

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

<i>Consultants and external contracts (in CHF)</i>	2021	2020
Shipping	401,647	533,195
IT services and consultants	1,895,047	1,900,561
Translation and interpretation	357,365	519,528
Consultants	1,923,915	1,763,746
Server hosting	148,820	223,522
<b>Total</b>	<b>4,726,793</b>	<b>4,940,552</b>

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

<i>Project expenses (in CHF)</i>	2021	2020
Remuneration and travel	1,130,123	1,076,980
Service contracts	5,951,385	2,392,294
Training and fellows	88,921	229,346
Equipment and project costs	6,150,108	10,656,282
Miscellaneous costs	179,616	238,895
<b>Total</b>	<b>13,500,153</b>	<b>14,593,797</b>

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

<i>General operating expenses (in CHF)</i>	2021	2020
Building utilities and cleaning	410,820	464,990
Equipment rental	91,199	87,758
Postage and telecommunications	432,032	448,134
Other expenses	125,829	111,775
<b>Total</b>	<b>1,059,880</b>	<b>1,112,657</b>

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

<i>Materials and supplies (in CHF)</i>	2021	2020
Expendable IT equipment	348,407	19,821
Expendable machinery and furniture	34,176	27,142
IRC production supplies	38,408	14,766
Variation in inventories	28,538	–
Expendable other equipment	223,505	133,736
<b>Total</b>	<b>673,035</b>	<b>195,465</b>

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

<i>Maintenance and repairs (in CHF)</i>	2021	2020
Security	39,939	64,606
Lifts	75,197	78,558
Heating and ventilation	43,923	51,869
Electrical system	6,565	36,806
Miscellaneous equipment	113,046	84,930
IT equipment	705,448	810,068
IT licences	836,732	713,176
Other expenses	32,474	39,320
<b>Total</b>	<b>1,853,325</b>	<b>1,879,333</b>

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

<i>Depreciation (in CHF)</i>	2021	2020
Depreciation expenses on land and buildings	904,126	909,703
Net depreciation expenses on equipment	639,152	772,275
Depreciation expenses on intangible assets	250,419	237,064
<b>Total depreciation expenses according to notes 8 to 10</b>	<b>1,793,697</b>	<b>1,919,042</b>

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

<i>Financial costs (in CHF)</i>	2021	2020
(Decrease)/Increase in provision for doubtful debts	188,568	804,170
Interest	72,466	59,321
Cancellation of interest prescribed in regulations	236,159	716,103
Bank charges and other financial costs	149,842	154,557
<b>Total</b>	<b>647,035</b>	<b>1,734,151</b>

Other costs include the cost of interpretation at meetings, subsidies and gifts, including the cafeteria subsidy, as well as the UPU's share of costs paid by UN specialized agencies as a whole and of legal costs. The change in the provision for litigation explains the negative amount recorded in 2020 and 2021.

<i>Other expenditure (in CHF)</i>	2021	2020
Interpretation for POC + CA	1,242,081	603,365
Subsidies and gifts	69,374	272,244
Specialized agencies of the UN and other expenses	153,049	155,529
Legal costs	-8,290	-55,766
<b>Total</b>	<b>1,456,214</b>	<b>975,372</b>

#### **Note 21 – Exchange gains and losses**

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

<i>Description for 2020</i>	<i>Realized</i>	<i>Unrealized</i>	<i>Net impact</i>
Exchange gains 2020	729,826	1,159,906	1,889,731
Exchange losses 2020	-2,423,936	-1,261,107	-3,685,043
Net impact 2020	-1,694,110	-101,201	-1,795,312

<i>Description for 2021</i>	<i>Realized</i>	<i>Unrealized</i>	<i>Net impact</i>
Exchange gains 2021	2,225,616	681,351	2,906,967
Exchange losses 2021	-1,775,585	-533,610	-2,309,195
Net impact 2021	450,031	147,741	597,772

#### **Note 22 – Events after the reporting date**

The Union's reporting date is 31 December 2021, and its financial statements were authorised for publication on 4 July 2022. No material events, favourable or unfavourable, which would have affected the statements, have occurred between the reporting date and the date on which the financial statements were authorized for publication.

**Note 23 – Financial risks**

The Union's financial situation includes the following financial instruments at 31 December 2021:

	<i>USD in equivalent CHF</i>	<i>EUR in equivalent CHF</i>	<i>CHF</i>	<i>Total in equivalent CHF</i>
Cash and cash equivalents	19,060,628	3,493,728	24,957,428	47,511,785
Current investments	68,770,689	–	19,000,000	87,770,689
Current accounts receivable (non-exchange transactions)	626,520	–	29,293,479	29,919,999
Current accounts receivable (exchange transactions)	16,819,266	2,784,130	2,633,410	22,236,805
Interpretation expenses for rebilling	–	–	239,023	239,023
Non-current investments	32,562,709	–	–	32,562,709
Non-current accounts receivable (non-exchange transactions)	–	–	16,730,590	16,730,590
Accounts payable and accrued expenses	-17,528,997	-2,784,130	-2,666,558	-22,979,685
<b>Net risk</b>	<b>120,310,815</b>	<b>3,493,728</b>	<b>90,187,373</b>	<b>213,991,915</b>

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

The Union's financial situation includes the following financial instruments at 31 December 2020:

	<i>USD in equivalent CHF</i>	<i>EUR in equivalent CHF</i>	<i>CHF</i>	<i>Total in equivalent CHF</i>
Cash and cash equivalents	30,083,741	11,909,093	18,082,780	60,075,614
Current investments	45,141,225	–	11,324,500	56,465,725
Current accounts receivable (non-exchange transactions)	13,346	–	34,985,783	34,999,129
Current accounts receivable (exchange transactions)	12,318,379	4,773,267	2,540,957	19,632,603
Interpretation expenses for rebilling	–	–	186,814	186,814
Non-current investments	41,868,243	–	–	41,868,243
Non-current accounts receivable (non-exchange transactions)	–	–	24,090,073	24,090,073
Accounts payable and accrued expenses	-13,410,790	-4,773,267	-1,530,055	-19,714,112
<b>Net risk</b>	<b>116,014,144</b>	<b>11,909,093</b>	<b>89,680,852</b>	<b>217,604,089</b>

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

**Market risk**

The market risk is the risk related to the fluctuation of the fair value or future cash flows of financial instruments, on account of changing market prices. It includes foreign currency exchange risk, interest rate risk and other price risks. The Union is exposed to exchange and interest rate risks. It receives revenue from fees and voluntary contributions and incurs expenses in currencies other than its functional currency (CHF). The Union is

also exposed to foreign exchange risk arising from fluctuations of currency exchange rates. It does not use derivative financial instruments to hedge exchange risk.

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

The Union's exposure to exchange rate risks is also limited on account of the fact that its operating budget is primarily funded through member country contributions and the sale of goods and services. Investment income is used to finance QSF operating costs. The available funds to finance QSF projects are adjusted in response to decreases or increases in investment income. The Union does not utilize financial instruments to hedge interest rate risk.

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

At 31 December 2021

<i>Currencies</i>	<i>Variation -5%</i>	<i>Variation +5%</i>
EUR/CHF	-56,065	56,065
USD/CHF	-366,155	366,155
EUR/USD	-118,621	118,621

At 31 December 2020

<i>Currencies</i>	<i>Variation -5%</i>	<i>Variation +5%</i>
EUR/CHF	-488,121	488,121
USD/CHF	-273,768	273,768
EUR/USD	-107,334	107,334

#### *Liquidity risk*

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

At 31 December 2021, the Union's cash and cash equivalents, amounting to 47,511,785 CHF, were enough for the Union to settle its current liabilities, which totalled 34,054,210 CHF at that same date. Advances and deferred revenue were not taken into account, as they will not be the subject of disbursements. The UPU at all times maintains sufficient liquidity to settle all its short-term debts. The maturity of financial commitments is indicated in statement I.

#### *Credit risk*

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

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

## Note 24 – Leasing and unrecognized commitments

### Leasing

The Union did not take out any leasing contracts in 2020 or 2021.

### Rentals

At 31 December 2021, the UPU was renting out office space to five tenants for total revenue of 254,294 CHF (254,294 CHF in 2020). The contracts have an initial duration of five years and, thereafter, are renewable from year to year with a 12-month notice period.

<i>Rental of premises (UPU landlord in CHF)</i>	2021	2020
Less than one year	254,294	254,294
One to five years.	36,400	57,200
More than five years	–	–
<b>Total</b>	<b>290,694</b>	<b>311,494</b>
Revenue recognized during period	254,294	254,294

### Other unrecognized commitments

At 31 December 2021, on the basis of existing contracts, the UPU had a commitment in the amount of 18.9 million CHF for the purchase of goods and services. The delivery of products and services will commence in 2022 and will be recorded in future accounting periods. The estimated amount of this commitment at 31 December 2020 was 14.3 million CHF.

## Note 25 – Contingent liabilities

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

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

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

	31 December 2021	31 December 2020
English (STAN)	5,499,032	7,285,503
Arabic (STAR)	7,038,721	9,079,776
Portuguese (STPO)	1,669,829	2,105,083
<b>Total</b>	<b>14,207,583</b>	<b>18,470,362</b>

**Note 26 – Segment reporting**

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

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

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

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

**Statement of financial position by segment at 31 December 2021 (in CHF)**

	Union	Voluntary Fund	EMS Cooperative	Telematics Cooperative	USD-based entities	Inter-segment	Total
<b>Assets</b>							
<i>Current assets</i>							
Cash and cash equivalents	3,026,918	20,056,412	4,152,212	5,689,434	14,586,808	–	47,511,785
Investments	26,320,000	–	–	–	61,450,689	–	87,770,689
Accounts receivable (non-exchange transactions)	28,904,009	267,944	63,120	139,913	545,014	–	29,919,999
Accounts receivable (exchange transactions)	26,225	334,439	–	4,417,193	19,521,889	-2,062,941	22,236,805
Inventories	90,569	12,481	–	–	9,106	–	112,156
Other current assets	1,337,313	556,068	26,835	1,700,209	367,455	–	3,987,879
<b>Total current assets</b>	<b>59,705,033</b>	<b>21,227,343</b>	<b>4,242,167</b>	<b>11,946,749</b>	<b>96,480,961</b>	<b>-2,062,941</b>	<b>191,539,312</b>
<i>Non-current assets</i>							
Investments	–	–	–	–	32,562,709	–	32,562,709
Accounts receivable (non-exchange transactions)	16,730,590	–	–	–	–	–	16,730,590
Equipment	386,611	7,588	–	71,159	36,407	–	501,765
Intangible assets	744,273	–	–	141,543	–	–	885,816
Land and buildings	20,993,243	–	–	–	–	–	20,993,243
Other non-current assets	17,850	–	–	–	–	–	17,850
<b>Total non-current assets</b>	<b>38,872,567</b>	<b>7,588</b>	<b>–</b>	<b>212,702</b>	<b>32,599,117</b>	<b>–</b>	<b>71,691,974</b>
<b>Total assets</b>	<b>98,577,600</b>	<b>21,234,932</b>	<b>4,242,167</b>	<b>12,159,451</b>	<b>129,080,078</b>	<b>-2,062,941</b>	<b>263,231,286</b>

The amount of fixed assets acquired during the financial period is 270,178 CHF for the Union, 55,869 CHF for the PTC and 8,057 CHF for IRCs.



	Union	Voluntary Fund	EMS Cooperative	Telematics Cooperative	USD-based entities	Inter-segment	Total
<i>Current liabilities</i>							
Accounts payable and accrued expenses	2,971,690	990,883	321,885	445,041	20,313,127	-2,062,941	22,979,685
Employee benefits	2,189,082	—	168,374	854,182	127,091	—	3,338,729
Deferred revenue	45,900,200	15,117,375	—	348,778	23,511,421	—	84,877,773
Advance receipts	3,802,909	519,861	254,437	305,456	75,676,589	—	80,559,253
Funds-in-trust held for translation services	7,685,797	—	—	—	—	—	7,685,797
Provisions	50,000	—	—	—	—	—	50,000
<b>Total current liabilities</b>	<b>62,599,678</b>	<b>16,628,118</b>	<b>744,696</b>	<b>1,953,458</b>	<b>119,628,229</b>	<b>-2,062,941</b>	<b>199,491,237</b>
<i>Non-current liabilities</i>							
Employee benefits	187,597,025	—	5,583,117	24,253,881	7,385,483	—	224,819,506
Deferred revenue (USPS contribution 2023 to 2024)	16,000,000	—	—	—	—	—	16,000,000
<b>Total non-current liabilities</b>	<b>203,597,025</b>	<b>—</b>	<b>5,583,117</b>	<b>24,253,881</b>	<b>7,385,483</b>	<b>—</b>	<b>240,819,506</b>
<b>Total liabilities</b>	<b>266,196,703</b>	<b>16,628,118</b>	<b>6,327,813</b>	<b>26,207,339</b>	<b>127,013,711</b>	<b>-2,062,941</b>	<b>440,310,743</b>
Accumulated surplus (deficit) Union funds	-171,343,653	-41,175	—	—	—	—	-171,384,828
Accumulated surplus (deficit) other funds	—	4,647,989	—	—	-1,910,004	—	2,737,985
Accumulated surplus (deficit) controlled entities	—	—	-2,085,646	-14,047,888	3,976,371	—	-12,157,163
Reserves	3,724,550	—	—	—	—	—	3,724,550
<b>Net assets</b>	<b>-167,619,103</b>	<b>4,606,814</b>	<b>-2,085,646</b>	<b>-14,047,888</b>	<b>2,066,366</b>	<b>—</b>	<b>-177,079,457</b>

**Statement of financial position by segment at 31 December 2020 (in CHF)**

	Union	Voluntary Fund	EMS Cooperative	Telematics Cooperative	USD-based entities	Inter-segment	Total
<b>Assets</b>							
<i>Current assets</i>							
Cash and cash equivalents	8,104,035	20,672,640	3,479,459	5,330,126	22,489,354	–	60,075,614
Investments	11,324,500	–	–	–	45,141,225	–	56,465,725
Accounts receivable (non-exchange transactions)	33,827,026	924,342	74,855	159,561	13,346	–	34,999,129
Accounts receivable (exchange transactions)	36,030	461,361	–	3,978,085	17,091,646	-1,934,518	19,632,603
Inventories	95,085	18,876	–	–	56,766	–	170,727
Other current assets	1,652,483	463,478	1,322	1,225,689	1,169,948	–	4,512,920
<b>Total current assets</b>	<b>55,039,159</b>	<b>22,540,696</b>	<b>3,555,635</b>	<b>10,693,460</b>	<b>85,962,285</b>	<b>-1,934,518</b>	<b>175,856,717</b>
<i>Non-current assets</i>							
Investments	–	–	–	–	41,868,243	–	41,868,243
Accounts receivable (non-exchange transactions)	24,090,073	–	–	–	–	–	24,090,073
Equipment	770,170	11,547	–	262,714	46,658	–	1,091,089
Intangible assets	674,789	–	–	177,170	–	–	851,959
Land and buildings	21,875,053	–	–	–	–	–	21,875,053
Other non-current assets	15,500	–	–	–	–	–	15,500
<b>Total non-current assets</b>	<b>47,425,584</b>	<b>11,547</b>	<b>–</b>	<b>439,884</b>	<b>41,914,902</b>	<b>–</b>	<b>89,791,917</b>
<b>Total assets</b>	<b>102,464,743</b>	<b>22,552,243</b>	<b>3,555,635</b>	<b>11,133,343</b>	<b>127,877,187</b>	<b>-1,934,518</b>	<b>265,648,634</b>

The amount of fixed assets acquired during the financial period is 211,346 CHF for the Union and 47,243 CHF for the PTC.

	Union	Voluntary Fund	EMS Cooperative	Telematics Cooperative	USD-based entities	Inter-segment	Total
<b>Current liabilities</b>							
Accounts payable and accrued expenses	2,406,262	734,923	89,549	233,838	18,184,057	-1,934,518	19,714,112
Employee benefits	2,057,870	—	197,018	763,070	123,502	—	3,141,459
Deferred revenue	45,946,200	9,268,182	—	93,377	25,776,123	—	81,083,881
Advance receipts	4,670,655	7,063,575	237,041	436,083	73,938,850	—	86,346,204
Funds-in-trust held for translation services	7,161,514	—	—	—	—	—	7,161,514
Loans payable within one year	—	—	—	—	—	—	—
Provisions	75,000	—	—	—	—	—	75,000
<b>Total current liabilities</b>	<b>62,317,502</b>	<b>17,066,679</b>	<b>523,608</b>	<b>1,526,367</b>	<b>118,022,532</b>	<b>-1,934,518</b>	<b>197,522,171</b>
<b>Non-current liabilities</b>							
Employee benefits	233,387,510	—	6,682,741	30,786,675	9,367,606	—	280,224,531
Deferred revenue (USPS contribution 2022 to 2024)	24,000,000	—	—	—	—	—	24,000,000
Loans payable after one year	—	—	—	—	—	—	—
<b>Total non-current liabilities</b>	<b>257,387,510</b>	<b>—</b>	<b>6,682,741</b>	<b>30,786,675</b>	<b>9,367,606</b>	<b>—</b>	<b>304,224,531</b>
<b>Total liabilities</b>	<b>319,705,012</b>	<b>17,066,679</b>	<b>7,206,348</b>	<b>32,313,042</b>	<b>127,390,138</b>	<b>-1,934,518</b>	<b>501,746,701</b>
Accumulated surplus (deficit) Union funds	-221,018,231	22,239	—	—	—	—	-220,995,992
Accumulated surplus (deficit) other funds	—	5,463,325	—	—	-2,671,374	—	2,791,951
Accumulated surplus (deficit) controlled entities	—	—	-3,650,713	-21,179,698	3,158,423	—	-21,671,988
Reserves	3,777,962	—	—	—	—	—	3,777,962
<b>Net assets</b>	<b>-217,240,269</b>	<b>5,485,564</b>	<b>-3,650,713</b>	<b>-21,179,698</b>	<b>487,049</b>	<b>—</b>	<b>-236,098,067</b>

**Statement of financial performance by segment from 1 January to 31 December 2021 (in CHF)**

	Union	Voluntary Fund	EMS Cooperative	Telematics Cooperative	USD-based entities	Inter-segment	Total
<i>Revenue</i>							
Statutory contributions from member countries	37,991,200	–	–	–	–	–	37,991,200
Other annual contributions	–	–	3,144,117	1,092,500	251,386	–	4,488,003
Voluntary contributions	9,135,061	7,496,492	–	–	9,053,368	-5,154,350	20,681,071
Sales	597,491	1,268,267	–	10,718,416	100,639	-30,385	12,654,428
Financial revenue	282,105	3,227	4,481	29,380	1,440,484	–	1,759,677
Exchange gains	1,413,982	801,780	92	2,301	688,813	–	2,906,967
Other revenue	1,425,499	467	–	2,072,541	9,682	-2,321,550	1,186,639
<b>Total revenue</b>	<b>50,845,338</b>	<b>9,720,732</b>	<b>3,148,690</b>	<b>13,915,138</b>	<b>11,544,372</b>	<b>-7,506,285</b>	<b>81,667,985</b>
<i>Expenses</i>							
Staff expenses	35,567,088	3,224,556	1,991,401	8,234,240	1,515,982	-1,063,250	49,470,017
Travel	437,313	8,381	–	8,338	120	-8,744	445,408
Consultants and external contracts	1,404,284	574,838	3,762	2,962,678	136,333	-355,102	4,726,793
Project costs	2,263,845	3,820,906	835,795	–	9,411,093	-2,831,487	13,500,153
General operating expenses	861,765	13,533	780	161,734	22,069	–	1,059,880
Materials and supplies	602,034	125,261	–	40,568	97,981	-192,810	673,035
Maintenance and repairs	1,047,433	30,000	75,074	815,268	50,659	-165,109	1,853,325
Depreciations	1,488,379	3,959	–	283,051	18,308	–	1,793,697
Financial costs	206,434	49,763	12,244	210,944	167,649	–	647,035
Exchange losses	1,054,406	885,240	374	14,327	354,848	–	2,309,195
Other expenses	3,990,850	62,457	71,637	105,021	116,033	-2,889,784	1,456,214
<b>Total expenses</b>	<b>48,923,830</b>	<b>8,798,895</b>	<b>2,991,067</b>	<b>12,836,170</b>	<b>11,891,074</b>	<b>-7,506,285</b>	<b>77,934,752</b>
<b>Net result</b>	<b>1,921,508</b>	<b>921,836</b>	<b>157,622</b>	<b>1,078,968</b>	<b>-346,701</b>	<b>–</b>	<b>3,733,233</b>

**Statement of financial performance by segment from 1 January to 31 December 2020 (in CHF), restated**

	<i>Union</i>	<i>Voluntary Fund</i>	<i>EMS Cooperative</i>	<i>Telematics Cooperative</i>	<i>USD-based entities</i>	<i>Inter-segment</i>	<i>Total</i>
<i>Revenue</i>							
Statutory contributions from member countries	37,977,800	–	–	–	–	–	37,977,800
Other annual contributions	–	–	3,386,863	1,095,000	252,958	–	4,734,821
Voluntary contributions	8,022,396	7,072,894	–	–	12,743,414	-4,477,730	23,360,973
Sales	520,921	1,225,276	–	9,608,292	16,242	–	11,370,730
Financial revenue	510,929	13,889	19,312	62,524	2,171,391	-41,685	2,736,359
Exchange gains	369,837	1,258,120	68	1,616	260,091	–	1,889,731
Other revenue	876,099	–	–	2,012,090	2,295	-2,212,833	677,651
<b>Total revenue</b>	<b>48,277,982</b>	<b>9,570,178</b>	<b>3,406,242</b>	<b>12,779,522</b>	<b>15,446,390</b>	<b>-6,732,248</b>	<b>82,748,066</b>
<i>Expenses</i>							
Staff expenses	34,168,315	3,316,896	2,329,000	10,859,687	1,689,415	-1,063,250	51,300,066
Travel	136,326	8,867	7,496	37,338	784	–	190,810
Consultants and external contracts	1,621,791	492,986	10,696	3,063,700	145,238	-393,860	4,940,550
Project costs	2,175,118	3,898,390	850,101	–	10,650,716	-2,980,529	14,593,796
General operating expenses	933,052	8,615	3,590	166,237	1,163	–	1,112,658
Materials and supplies	135,257	17,186	–	28,256	14,766	–	195,465
Maintenance and repairs	1,031,910	169,229	108,900	618,618	35,556	-84,878	1,879,334
Depreciations	1,560,424	3,959	–	337,846	16,813	–	1,919,042
Financial costs	1,508,266	57,165	5,059	43,768	161,578	-41,685	1,734,151
Exchange losses	1,162,577	1,340,011	228	6,221	1,176,006	–	3,685,043
Other expenses	2,805,573	83,618	77,894	100,453	75,878	-2,168,045	975,372
<b>Total expenses</b>	<b>47,238,608</b>	<b>9,396,923</b>	<b>3,392,963</b>	<b>15,262,124</b>	<b>13,967,917</b>	<b>-6,732,248</b>	<b>82,526,287</b>
<b>Net result</b>	<b>1,039,374</b>	<b>173,255</b>	<b>13,279</b>	<b>-2,482,602</b>	<b>1,478,473</b>	<b>–</b>	<b>221,777</b>

Statement of financial position by segment from 1 January to 31 December 2021 (in USD)

	IRC	QSF	UJU*Clearing
<b>Assets</b>			
<i>Current assets</i>			
Cash and cash equivalents	582,142	10,329,138	5,030,586
Investments	1,750,000	65,409,222	–
Accounts receivable (non-exchange transactions)	–	595,643	–
Accounts receivable (exchange transactions)	395,992	–	20,393,406
Inventories	9,952	–	–
Other current assets	31,040	332,805	37,745
<b>Total current assets</b>	<b>2,769,127</b>	<b>76,666,809</b>	<b>26,007,738</b>
<i>Non-current assets</i>			
Investments	–	35,587,661	–
Equipment	39,789	–	–
<b>Total non-current assets</b>	<b>39,789</b>	<b>35,587,661</b>	<b>–</b>
<b>Total assets</b>	<b>2,808,916</b>	<b>112,254,469</b>	<b>26,007,738</b>
<i>Current liabilities</i>			
Accounts payable and accrued expenses	57,534	1,203,198	20,939,406
Employee benefits	51,371	71,870	15,656
Deferred revenue	–	25,695,542	–
Advance receipts	2,339,639	76,196,608	4,170,409
<b>Total current liabilities</b>	<b>2,448,544</b>	<b>103,167,218</b>	<b>25,125,471</b>
<i>Non-current liabilities</i>			
Employee benefits	2,247,063	4,741,491	1,083,012
<b>Total non-current liabilities</b>	<b>2,247,063</b>	<b>4,741,491</b>	<b>1,083,012</b>
<b>Total liabilities</b>	<b>4,695,608</b>	<b>107,908,708</b>	<b>26,208,483</b>
Accumulated surplus (deficit) other funds	-1,886,692	–	-200,745
Accumulated surplus (deficit) controlled entities	–	4,345,761	–
<b>Net assets</b>	<b>-1,886,692</b>	<b>4,345,761</b>	<b>-200,745</b>

Statement of financial position by segment from 1 January to 31 December 2020 (in USD)

	IRC	QSF	UPU*Clearing
<b>Assets</b>			
<i>Current assets</i>			
Cash and cash equivalents	944,709	20,134,851	4,389,665
Investments	1,250,000	49,872,565	–
Accounts receivable (non-exchange transactions)	–	15,115	–
Accounts receivable (exchange transactions)	265,920	–	19,090,418
Inventories	64,288	–	–
Other current assets	44,918	1,239,387	40,664
<b>Total current assets</b>	<b>2,569,835</b>	<b>71,261,918</b>	<b>23,520,747</b>
<i>Non-current assets</i>			
Investments	–	47,415,904	–
Equipment	52,841	–	–
<b>Total non-current assets</b>	<b>52,841</b>	<b>47,415,904</b>	<b>–</b>
<b>Total assets</b>	<b>2,622,675</b>	<b>118,677,822</b>	<b>23,520,747</b>
<i>Current liabilities</i>			
Accounts payable and accrued expenses	29,877	1,450,078	19,113,541
Employee benefits	47,017	74,771	18,078
Deferred revenue	–	29,191,533	–
Advance receipts	1,886,493	78,222,504	3,626,960
<b>Total current liabilities</b>	<b>1,963,387</b>	<b>108,938,886</b>	<b>22,758,579</b>
<i>Non-current liabilities</i>			
Employee benefits	2,919,786	6,162,012	1,527,041
<b>Total non-current liabilities</b>	<b>2,919,786</b>	<b>6,162,012</b>	<b>1,527,041</b>
<b>Total liabilities</b>	<b>4,883,173</b>	<b>115,100,898</b>	<b>24,285,621</b>
Accumulated surplus (deficit) other funds	-2,260,498	–	-764,873
Accumulated surplus (deficit) controlled entities	–	3,576,924	–
<b>Net assets</b>	<b>-2,260,498</b>	<b>3,576,924</b>	<b>-764,873</b>

**Statement of financial performance by segment from 1 January to 31 December 2021 (in USD)**

	<i>IRC</i>	<i>QSF</i>	<i>UPU*Clearing</i>
<i>Revenue</i>			
Other annual contributions	–	–	284,607
Voluntary contributions	–	9,874,380	–
Sales	110,842	–	–
Financial revenue	2,896	1,486,537	4,711
Exchange gains	661,154	1,475,182	662,852
Other revenue	–	10,516	–
<b>Total revenue</b>	<b>774,892</b>	<b>12,846,615</b>	<b>952,170</b>
<i>Expenses</i>			
Staff expenses	294,767	1,293,823	69,705
Travel	1,396	-1,273	–
Consultants and external contracts	8,919	126,423	13,115
Project costs	–	10,313,257	–
General operating expenses	18,384	5,767	–
Materials and supplies	105,935	–	–
Maintenance and repairs	–	34,996	21,858
Depreciations	19,793	–	–
Financial costs	190	158,685	22,680
Exchange losses	524,169	1,316,697	525,474
Other expenses	–	117,905	8,850
<b>Total expenses</b>	<b>973,553</b>	<b>13,366,279</b>	<b>661,682</b>
<b>Net result</b>	<b>-198,661</b>	<b>-519,664</b>	<b>290,488</b>



Statement of financial performance by segment from 1 January to 31 December 2020 (in USD), restated

	IRC	QSF	UPU*Clearing
<i>Revenue</i>			
Other annual contributions	–	–	259,444
Voluntary contributions	–	14,097,130	–
Sales	17,375	–	–
Financial revenue	22,113	2,307,920	-12,413
Exchange gains	1,891,243	1,196,004	262,021
<b>Total revenue</b>	<b>1,930,731</b>	<b>17,601,053</b>	<b>509,052</b>
<i>Expenses</i>			
Staff expenses	341,115	1,334,024	118,012
Travel	–	817	–
Consultants and external contracts	20,937	125,971	12,012
Project costs	–	11,299,701	–
General operating expenses	1,250	–	–
Materials and supplies	15,797	–	–
Maintenance and repairs	1,121	17,010	18,018
Depreciations	18,557	–	–
Financial costs	106	158,341	16,824
Exchange losses	2,220,910	1,665,424	568,786
Other expenses	–	57,274	9,484
<b>Total expenses</b>	<b>2,619,793</b>	<b>14,658,562</b>	<b>743,136</b>
<b>Net result</b>	<b>-689,062</b>	<b>2,942,491</b>	<b>-234,084</b>





