



Inter-Parliamentary Union
For democracy. For everyone.

148th IPU Assembly

Geneva, 23–27 March 2024

Executive Committee
Item 5
Governing Council
Item 7

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7 March 2024

Financial results for 2023

Financial report and audited financial statements

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#IPU148

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1. Introduction

The audited financial statements for 2023 are once again fully compliant with International Public Sector Accounting Standards (IPSAS). They reflect the changes effected during the past eleven years – consolidating the IPU closed Pension Fund with the IPU's own accounts, carrying out a regular full actuarial review of the Pension Fund, revaluing the IPU Headquarters building in Geneva at fair value and amortizing the 50-year loan that was offered by the Swiss Confederation in 2003 for the construction and renovation of the Headquarters building.

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

The budget for 2023 was approved by the Governing Council with an increase of 3% in Members' assessed contributions compared with 2022. Members' assessed contributions still remain below their level of 2008. The IPU has continued the engagement with its various stakeholders and ensured that its risk assessment framework is tailored to the current environment.

In 2023, the IPU's investments in mutual funds recovered and generated a gain totalling CHF 199,683 at the end of the year. A further amount of CHF 47,573 in interest on term deposits was earned during the year. Overall, the IPU's net assets are increased by an operating surplus of CHF 157,270 in 2023. The principal of the IPU's working capital portfolio remains safe, in line with its investment policy on working capital, as it holds high-quality assets aimed at preserving principal.

Swiss regulations required the windows of the IPU Headquarters building to be replaced in 2018-2019, improving both energy efficiency and security, and the amortized cost of this work continues to be charged to the IPU's reserve for major repairs. In accordance with the decision of the Governing Council in Geneva in 2007, an additional amount of CHF 23,200 has been set aside in a reserve for the purpose of offsetting CO₂ emissions and to mitigate the environmental impact of operations.

After the increase in net assets, the liquid portion of the IPU's Working Capital Fund stands at 91% of its 2023 target level. The target level was set by the Executive Committee in 2006 at one half of the IPU's approved annual operating budget although the Working Capital Fund is now composed not only of available cash, cash equivalents and investments but also of IPSAS-required accounting adjustments which cannot be realized in cash. The accumulated balance of the Fund at 31 December 2023 amounted to CHF 10,598,719, of which CHF 2,165,680 related to IPSAS accounting adjustments for the headquarters building revaluation and amortization of the FIPOI building loan.

The following sections provide a summary of the revenues and expenses of the IPU during 2023, in particular where these amounts have varied from the Consolidated Budget as identified in Statement V: Statement of Comparison of Budget and Actual Amounts.

2. Revenue

The principal sources of revenue for the IPU are the assessed contributions of Members and voluntary funds from donors. A small proportion of total revenue is earned from interest, investments and other sources, including meeting room rentals. In 2023, overall revenue increased by 11 per cent to CHF 15,134,944. Upon the decision of the Governing Council, Members' assessed contributions increased to CHF 11,268,350, still below the level of total assessed contributions in 2008. Interest and investment earnings recovered, ending 2023 with an overall unrealized gain of CHF 247,256 across the combined IPU and closed Pension Fund portfolios. Other income of CHF 8,688 was received during the year from office rental and the sale of institutional gifts.

2.1 Assessed contributions from Member Parliaments

In all, 179 Members and 14 Associate Members were assessed for a total of CHF 11,268,350 in 2023. By the end of 2023, all but CHF 1,270,585 of the current year (2023) assessments had been collected, with total arrears of contributions increasing year-on-year due mainly to the global financial environment and to the situation of Venezuela, which owes a total of CHF 661,600 in arrears. There were 77 Members and Associate Members with contributions outstanding. Of the Members in arrears at the year end, 11 were liable for suspension of all membership rights under Article 5.3 and 18 were liable for loss of voting rights under Article 5.2.

2.2 Voluntary contributions

The 2023 budget for voluntary contributions was set at CHF 5.4 million. As a consequence of lower-than-expected programme expenditure and some grants not arriving when anticipated, actual expenditure of voluntary contributions was 67 per cent of the budgeted amount.

At the start of 2023, the IPU had pledges from donors for future years totalling CHF 7.0 million. During the year, donors firmly committed an additional amount of CHF 0.5 million, subject to specific conditions set forth in agreements. Meanwhile, CHF 3.6 million was spent and the end-of-year balance of pledges from donors totalled CHF 3.9 million, most of which relates to multiyear agreements.

The total amount of voluntary contributions earned/spent in 2023 was CHF 3.6 million, 7% higher than in 2022.

2.3 Staff assessment

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

The IPU is contractually obliged to reimburse certain staff members for any national income taxes which are imposed on their IPU incomes. In 2023, CHF 31,826 was reimbursed to staff members who paid taxes to France.

2.4 Investment income and other revenues

In 2006, the IPU placed a portion of its funds in a balanced mutual fund in order to increase returns on the Working Capital Fund through diversification. Markets recovered well in 2023 and the year-end value of the IPU and Pension Fund portfolios reflected an overall gain of CHF 199,683 in 2023. The market value of the mutual fund units held has continued to rise slightly at the beginning of 2024. At the end of 2022, interest rates in Switzerland turned from negative to positive territory for the first time since 2015. The IPU has therefore been able to activate fixed-term deposit accounts allowing it to earn risk-free returns of CHF 47,573 from these accounts in 2023. The IPU maintains its prudent stance towards investments, and deposits cash in banks with credit ratings of A- or higher.

3. Expenditure

The Strategy for 2022-2026 gave the IPU a mandate to continue strengthening and connecting parliaments for peace, democracy and sustainable development in 2023. In line with the IPU's compliance with IPSAS, the IPU 2023 Consolidated Budget was organized according to the five objectives.

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

Further financial details can be found in Statement V: Statement of Comparison of Budget and Actual Amounts and in the segment reporting in note 17, while the Impact Report for 2023 contains operational information (<https://www.ipu.org/resources/publications>).

3.1 Strategic Objective 1: Building effective and empowered parliaments

The IPU's Strategy has focused the Organization's efforts on building effective and empowered parliaments that are able to work autonomously and efficiently in the face of conflict, climate change, disinformation and economic turmoil that have continued to place exceptional pressure on parliaments around the world. The 2023 operating costs of activities towards achieving this objective were CHF 3,369,712 in total. Core budget expenditure was 6% under budget in total, with the savings made mainly in the areas of travel and language services. The voluntary budget included funds related to Parline and the European Union-funded project in Djibouti, as well as to programmes for peace, security and countering terrorism, and to country partnerships with UNDP which were deferred.

3.2 Strategic Objective 2: Promoting inclusive and representative parliaments

Parliaments continue to make slow but steady progress on gender equality and youth participation. Expenditure on representative and inclusive parliaments to produce more equal, stable and democratic societies ended the year on budget with a total annual expenditure of CHF 1,108,077. Voluntary funds from Global Affairs Canada, the Swedish International Development Cooperation agency (Sida), Irish Aid and the parliaments of Qatar and the United Arab Emirates were utilized towards this objective.

3.3 Strategic Objective 3: Supporting resilient and innovative parliaments

The turbulent global environment of the last few years has highlighted the need for parliaments to be forward-looking, resilient and adapt their working practices quickly. The IPU's Centre for Innovation in Parliament continued its work in 2023, providing a platform for parliaments to develop and share good practices in digital transformation strategies and practical methods for building capacity. Core expenditure ended the year under budget by 13% and delays in the agreement of expected voluntary funds led to fewer activities being undertaken than planned, leaving the strategic objective expenditure at 50% of budget overall.

3.4 Strategic Objective 4: Catalysing collective parliamentary action

The IPU's role in converting the collective voice of the parliamentary community into national and international action is central to its mission and the personal relationships that it helps to build between parliamentarians are invaluable. In 2023, the IPU organized many in-person and virtual events, attended by thousands of parliamentarians, accounting for expenditures of CHF 7,911,153. Objective 4 finished the year under budget by 4% as both Assemblies came in below budget and voluntary expenditure was slightly lower than anticipated. The use of virtual meetings for selected sessions of the governing bodies also helped to achieve expenditure reductions.

Comparative data on the core budget costs of each Assembly in 2023 is given in the tables below.

Comparative costs of the first Assembly (in CHF)

Item	Manama 2023	Nusa Dua 2022	Virtual sessions 2021
Permanent staff overtime	28,615	26,560	12,995
Temp. staff/contractual services	498,158	431,087	540,803
Travel & related expenses	107,230	184,669	0
Freight/communication	14,710	20,159	0
Supplies/equipment/services	6,193	27,783	0
Publications/web	14,043	0	0
Gifts/hospitality	3,959	6,679	250
Total expense	672,907	696,937	554,047

Comparative costs of the second Assembly (in CHF)

Item	Luanda 2023	Kigali 2022	Madrid 2021
Permanent staff overtime	27,550	27,538	26,608
Temp. staff/contractual services	532,740	505,465	438,265
Travel & related expenses	137,155	198,678	214,787
Freight/communication	133	27,587	8,176
Supplies/equipment/services	2,657	37,182	2,726
Publications/web	9,227	116	0
Gifts/hospitality	9,407	2,300	3,426
Total expense	718,870	798,866	695,988

3.5 Strategic Objective 5: Strengthening the IPU's accountability

Accountability, transparency and efficient functioning at all levels of the IPU, for the Secretariat as well as for IPU Member Parliaments, is recognized as a critical factor for progress towards all the Strategic Objectives. This objective also includes expenditures on internal governance and oversight, the communications function, digital transformation, gender mainstreaming, work towards carbon neutrality and IPU support services (which include finance, administration and human resources services, office accommodation, asset depreciation, equipment rental, ICT and supplies). Total expenditure on this objective came in at CHF 3,307,566, 9% under budget due primarily to savings made in telecoms, postage and depreciation.

3.6 Other charges

An allowance for doubtful accounts is set aside to cover the write-off of outstanding debts. In 2023, some Members were less prompt in paying assessed contributions and the situation of Venezuela and its payments remained unresolved. Following the adoption of IPSAS 41, provision is now required for the expected credit loss on all receivables and the reserve was therefore adjusted down to CHF 764,421 (29% of the total amount receivable from Members).

No annual grant was requested by the Association of Secretaries General of Parliaments as the organization still had a balance remaining from the IPU. This fact, along with the net reduction in the allowance for doubtful accounts, led to an overall saving of CHF 134,800 in budgeted other charges in 2023.

No addition to the reserve for major building repairs to IPU Headquarters was budgeted in 2023 as the level of the reserve was assessed to be adequate. The reserve currently stands at CHF 371,953. The Headquarters' windows were renovated in 2018 and 2019 and the depreciation cost of this is being offset against the accumulated reserve funds until 2043, as foreseen.

In accordance with the decision of the Governing Council in Geneva in 2007, an amount of CHF 23,200 was set aside in a reserve for the purpose of offsetting CO₂ emissions and to mitigate the environmental impact of operations. The total accumulated reserve of CHF 52,507 will be used for climate-change-related activities in 2024 and beyond.

The Parliamentary Solidarity Fund stood at CHF 92,744 at the end of the year. No grants were made from the Fund during 2023. The Executive Committee has approved its use for certain travel-related expenditures during 2024.

4. Gender analysis

Under the IPSAS presentation of the Financial Statements, expenditure on the objective of advancing gender equality is shown directly in Statement V: Statement of Comparison of Budget and Actual Amounts. In 2023, gender-specific expenditure totalled CHF 1,538,180, which represents 10% of the IPU's total expenses.

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

Representation in the Secretariat	2023		2022	
	No.	Per cent of total	No.	Per cent of total
Women on staff – general services	12	75%	13	81%
Women on staff – professional	14	47%	14	50%
Women on staff – total	26	58%	27	61%
Women recruited during year	0	0%	1	50%
Women promoted during year	0	0%	2	50%

5. Capital expenditures

In 2023, CHF 32,793 was spent on furniture, vehicles, equipment and premises, including the routine replacement of outdated IT and communications equipment. Overall, capital expenditures on fixed assets ended the year at 66 per cent of budget. No new expenditure was made on capitalised intangible assets.

6. Staff pension fund

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

An actuarial study was carried out to calculate the valuation of the pension liabilities of the IPU as of 31 December 2023. The results of the study are set out in Note 11 to the Financial Statements, along with details of all of the IPU's other employee benefit liabilities.

7. Recommendations

In accordance with Rule 13.3 of the financial regulations, it is recommended that the Governing Council approve the financial administration of the IPU and the financial results for 2023.

8. Management's responsibility for financial reporting

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

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

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



Martin Chungong
Secretary General



Andrée Lorber
Director
Division of Support Services

9. External auditor's opinion

Letter from the External Auditor to the Secretary General of the Inter-Parliamentary Union

Number: /S/I/03/2024

Mr. Martin Chungong
Secretary General of the Inter-Parliamentary Union
5, Chemin du Pommier
Case postale 330
CH-1218 Le Grand-Saconnex
Geneva
Switzerland

Dear Secretary General,

In accordance with Rule 13 of the Inter-Parliamentary Union's Financial Regulations, I have the honour of presenting the Audit Board of the Republic of Indonesia's Report to you for onward transmission to the Executive Committee. This report comprises the External Auditor's Opinion and External Auditor's Long-Form Report, and the Audited Financial Statements of the Inter-Parliamentary Union for the year ended 31 December 2023.

Yours Sincerely,

(Signed)

Dr. Isma Yatun, CSFA, CFrA
Chair of the Audit Board of the Republic of Indonesia
External Auditor

Jakarta, Indonesia
12 March 2024

AUDIT OPINION

CERTIFICATE OF THE EXTERNAL AUDITOR ON THE FINANCIAL STATEMENTS OF THE INTER-PARLIAMENTARY UNION AS AT AND FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

To the Executive Committee of the Inter-Parliamentary Union

Opinion

We have audited the financial statements of the Inter-Parliamentary Union (the Union), which comprise the statement of financial position as at 31 December 2023; and the statement of financial performance, the statement of changes in net assets, the statement of cash flows, and the statement of comparison of budget and actual amounts for the year then ended; and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position as at 31 December 2023, and financial performance and cash flows for the year then ended of the Union in accordance with International Public Sector Accounting Standards (IPSAS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Union, in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

The Governing Council and the Executive Committee, in particular, its Sub-Committee on Finance of the IPU, as Those Charged with Governance, is responsible for overseeing the Union's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance; but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Information Other than the Financial Statements and the Auditor's Report thereon

The Union is responsible for the other information, which comprises the financial report for the year ended 31 December 2023, contained below, but does not include the financial statements and our Auditor's Report thereon.

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

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

Report on Other Legal and Regulatory Requirements

Further, in our opinion, the transactions of the Union that have come to our notice or which we have tested as part of our audit have, in all significant respects, been in accordance with the Union's Financial Regulations.

In accordance with the Rule 13 of the Union's Financial Regulations, we have also issued a long-form report on our audit of the Union.

(Signed)

Dr. Isma Yatun, CSFA, CFrA
Chair of the Audit Board of the Republic of Indonesia
External Auditor

Jakarta, Indonesia
8 March 2024

10. Statement of financial position

INTER-PARLIAMENTARY UNION

Statement I:

Statement of Financial Position

at 31 December 2023

In CHF (Swiss francs)

	2023	2022 Restated
ASSETS		
Current assets		
Cash on Hand	13,867	12,839
Cash in current accounts	5,179,992	10,649,028
Cash held by investment fund manager	395,549	386,303
Term deposits and savings accounts	<u>6,400,043</u>	<u>1,001,623</u>
Sub-total cash and cash equivalents (Note 3)	11,989,450	12,049,793
Accounts Receivable (Note 4)		
from Members	1,905,320	1,331,031
from Donors	1,506,422	1,468,289
from Tax Reimbursements and accrued interest	45,778	25,844
Observers and other receivables	<u>18,834</u>	<u>12,000</u>
Sub-total accounts receivable	3,476,354	2,837,164
Investments (Note 5)	3,405,671	6,154,873
Other current assets (Note 6)	<u>262,391</u>	<u>250,171</u>
Sub-total current assets	19,133,865	21,292,001
Non-current assets		
Fixed Assets (Note 7)		
Building and Grounds	6,998,658	7,256,378
Furnishings	30,065	32,386
General Equipment	-	-
IT Equipment	106,281	142,268
Vehicles	<u>-</u>	<u>-</u>
Sub-total fixed assets	7,135,005	7,431,032
Intangible assets (Note 8)	2,867	25,080
Accounts receivable from donors (Note 4)	201,263	1,323,360
Guarantee Deposit	<u>7,770</u>	<u>8,589</u>
Sub-total non-current assets	7,346,905	8,788,061
Total Assets	<u><u>26,480,771</u></u>	<u><u>30,080,063</u></u>

LIABILITIES

Accounts Payable and Accrued Payables	215,758	283,115
Advances from Members	613,729	471,645
Deferred revenue (Note 9)	3,663,516	5,634,769
Loans (Note 10)	<u>189,600</u>	<u>189,600</u>
Sub-total current liabilities	4,682,603	6,579,129
Borrowings Long Term (Note 10)	4,463,406	4,597,949
Deferred Revenue (Note 9)	201,263	1,323,360
Other non-current liabilities (Note 9)	151,469	151,469
Legacy Pension Fund (Note 11)	8,192,747	8,403,659
Other Employee benefits (Note 11)	<u>1,607,978</u>	<u>1,536,864</u>
Sub-total non-current liabilities	14,616,863	16,013,301
Total Liabilities	19,299,466	22,592,430
NET ASSETS		
Restricted Funds (Note 13)	424,461	422,921
Actuarial Gain (loss) recognized in net assets (Note 11)	3,841,874	3,378,276
Accumulated fund balance (Working Capital Fund after contribution)	<u>10,598,719</u>	<u>10,442,989</u>
Net Assets	<u>7,181,306</u>	<u>7,487,634</u>

11. Statement of financial performance

INTER-PARLIAMENTARY UNION

Statement II:

Statement of Financial Performance

for the year ended 31 December 2023

In CHF (Swiss francs)

	2023	2022 Restated
Revenue (Note 18)		
Assessed Contributions	11,268,350	10,920,800
Voluntary Contributions	3,610,650	3,376,028
Investment income	247,256	-774,448
Other Income	8,688	68,500
Total Revenue	15,134,944	13,590,879
Expenses (Note 18)		
Personnel Expenditure – permanent staff	8,669,166	8,561,253
Personnel Expenditure – temporary staff	3,566,727	3,269,474
Change in legacy pension fund provision	-674,510	-856,403
Travel Expenditure	872,042	956,206
Contractual Services	1,230,464	1,155,748
Operating Expenses	645,859	612,655
Supplies, Materials and Equipment	153,705	151,859
Allowance for Doubtful Accounts	-27,200	123,408
Grants and Honoraria	96,459	133,039
Depreciation and amortization of assets (Note 7 & 8)	349,422	403,217
Amortization of loan (Note 10)	55,057	56,586
Loss on Foreign Exchange	40,483	-9,485
Total Expenses	14,977,674	14,557,557
Operating Surplus/(Deficit) (Note 15)	157,270	-966,678

12. Statement of changes in net assets

INTER-PARLIAMENTARY UNION

Statement III:

Statement of Changes in Net Assets

for the year ended 31 December 2023

In CHF (Swiss francs)

	Accumulated Fund Balance	Actuarial Gain (loss)	Reserves	Total
Closing balance 31 December 2022	10,504,791	-3,378,276	422,921	7,549,436
Transfer to reserves (Note 13)				
Adjustment to expected credit loss per IPSAS 41	-61,802	-	-	-61,802
Net result 2022 Restated	-	-	-	-
Restated closing balance 31 December 2022	10,442,989	-3,378,276	422,921	7,487,634
Transfer to reserves (Note 13)	-23,200	-	23,200	-
Recognition of actuarial gain (loss)	-	-463,598	-	-463,598
Net result 2023	178,930	-	-21,660	157,270
Closing balance 31 December 2023	10,598,719	-3,841,874	424,461	7,181,306

13. Statement of cash flows

INTER-PARLIAMENTARY UNION

Statement IV:

Statement of Cash Flows

for the year ended 31 December 2023

In CHF (Swiss francs)

	2023	2022 Restated
Cash flows from Operating Activities		
Operating surplus (deficit)	157,270	-966,678
Less investment income included in net result	<u>-248,867</u>	<u>774,448</u>
Net result excluding income from investing activities	-91,597	-192,230
Depreciation	349,422	403,217
Amortization of loan	55,057	56,586
(Increase) decrease in receivables	482,907	-2,089,695
(Increase) decrease in other current and non-current assets	-11,401	3,509
Increase (decrease) in payables, deferred revenue & other liabilities	-3,018,623	731,816
Increase (decrease) in pension fund liability recognized on Statement II	-674,510	-856,403
Increase (decrease) in other employee benefit liabilities	<u>71,114</u>	<u>48,578</u>
Net cash flows from Operating Activities	-2,837,631	-1,894,622
Cash flows from Investing Activities		
(Increase) decrease in Investments	2,749,202	-309,697
Investment income included in net result	248,867	-774,448
(increase) decrease in Property, plant and equipment	<u>-31,182</u>	<u>-88,607</u>
Net cash flows from Investing Activities	2,966,887	-1,172,751
Cash flows from Financing Activities		
Loan repayment to Swiss Federal Government	<u>-189,600</u>	<u>-189,600</u>
Net cash flows from Financing Activities	-189,600	-189,600
Net increase/(decrease) in Cash and Cash Equivalents	-60,344	-3,256,973
Cash and Cash Equivalents at beginning of period	12,049,794	15,306,767
Cash and Cash Equivalents at end of period	11,989,450	12,049,793

14. Statement of comparison of budget and actual amounts

INTER-PARLIAMENTARY UNION

Statement V: Statement of Comparison of Budget and Actual Amounts

for the year ended 31 December 2023
In CHF (Swiss francs)

	Original Budget	Final Budget	Actual on comparable basis	Difference
Revenue				
Assessed contributions	11,248,400	11,248,400	11,268,350	-19,950
Working Capital Fund	612,400	612,400	-	612,400
Staff assessment	1,158,500	1,158,500	1,096,987	61,513
Voluntary contributions	5,386,800	5,386,800	3,610,650	1,776,150
Interest	100,000	100,000	172,542	-72,542
Other income	<u>16,000</u>	<u>16,000</u>	<u>6,006</u>	9,994
Total revenue	18,522,100	18,522,100	16,154,535	2,367,565
Expenses				
Building effective and empowered parliaments	4,806,900	4,806,900	3,369,712	1,437,188
Promoting inclusive and representative parliaments	1,116,100	1,116,100	1,108,077	8,023
Supporting resilient and innovative parliaments	1,044,900	1,044,900	517,975	526,925
Catalysing collective parliamentary action	8,209,700	8,209,700	7,911,153	298,547
Strengthening the IPU's accountability	3,635,900	3,635,900	3,307,566	328,334
Other charges	107,600	107,600	-27,200	134,800
Eliminations	<u>-399,000</u>	<u>-399,000</u>	<u>-265,870</u>	-133,130
Total expenses	18,522,100	18,522,100	15,921,414	2,600,686
Operating Surplus (Note 15)			233,121	233,121

Statement V: Comparison of Budget and Actual Amounts compares the final budget to actual amounts calculated on the same basis as the corresponding budgetary amounts. The budget is prepared on an accrual basis. Note 15 provides a reconciliation between the actual amounts presented in Statement V and the actual amounts presented in Statement II: Financial Performance.

NOTE 1 NATURE OF THE ORGANIZATION

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

NOTE 2 ACCOUNTING POLICIES AND BASIS OF PRESENTATION

The Financial Statements have been prepared on a full accrual and going-concern basis and the accounting policies have been applied consistently throughout the period. The Statements comply with the requirements of International Public Sector Accounting Standards (IPSAS) including IPSAS 41, related to changes in accounting for financial instruments, amendments to IPSAS 36 related to long-term interest in Associates and Joint Ventures, amendments to IPSAS 19 related to Collective and Individual Services and IPSAS 42 related to Social Benefits, all of which became effective on 1 January 2023.

The following Standards which have been issued by the IPSAS Board will be adopted on their effective dates as shown in the table below.

Standard	Effective Date
IPSAS-43 Leases	01 January 2025
IPSAS-44 Non-current Assets held for sale and Discontinued Operations	01 January 2025
IPSAS-45 Plant, Property and Equipment	01 January 2025
IPSAS-46 Measurement	01 January 2025
IPSAS-47 Revenue	01 January 2026
IPSAS-48 Transfer Expense	01 January 2026

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

Advances from Members

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

Borrowing

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

Cash Flow Statement

The cash flow statement is prepared using the indirect method.

Cash, investments and other financial assets

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

Closed Pension Fund

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

Employee benefits

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

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

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

Expense recognition

Expenses are recognized as goods are received and services rendered.

Financial Instruments

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

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

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

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

Foreign currency transactions

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

Fixed assets

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

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

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

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

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

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

Intangible assets

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

Inventories

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

Investments

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

Net assets

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

Payables and accruals

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

Provisions

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

Receivables

Receivables from assessed contributions are recognized when they become due. An expected lifetime credit loss allowance for doubtful receivables is recorded at the end of each fiscal period. For all other receivables an allowance for non-recovery representing an expected lifetime credit loss is established based on a review of the outstanding amounts at the reporting date. Recoverable taxes paid in the jurisdictions in which the IPU is located are recognized as receivables when they become due in accordance with the agreements with each jurisdiction. Donor contributions receivable in currencies other than Swiss francs are revalued at the reporting date.

Revenue Recognition

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

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

Segment reporting

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

Taxes

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

Use of Estimates

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

NOTE 2A RESTATEMENT

The IPU has implemented IPSAS 41 FINANCIAL INSTRUMENTS as of 1 January 2023 in accordance with the revised implementation date published by the IPSAS Board. In accordance with the requirements of IPSAS 41 the provision for doubtful assessed contributions receivable equal to the total outstanding value of all contribution's receivable for more than two years, has been replaced by the estimated lifetime credit losses calculated based on the total assessed contribution arrears outstanding as a percentage of the total current contribution assessed. The percentage is updated at each year-end, taking into account political and macro-economic factors which could impact payment patterns. All receivables from outstanding earmarked voluntary contributions are fully offset by recognition of a liability for deferred revenue and, therefore, no expected credit loss has been recognized.

The replacement of the provision for doubtful assessed contributions receivable by an expected lifetime credit loss allowance calculation under IPSAS 41 resulted in a net decrease in accounts receivable from Members equalling CHF 61,802. For comparative purposes the Union has restated the following elements of the 2022 Financial Statements:

RESTATEMENT OF 2022 STATEMENT OF FINANCIAL POSITION	2022 Restated	2022
ASSETS		
Current assets		
Accounts Receivable		
from Members (Note 4)	1,331,031	1,392,833
Sub-total accounts receivable	2,837,164	2,898,966
Sub-total current assets	21,292,001	21,353,803
Total Assets	30,080,063	30,141,864
NET ASSETS		
Accumulated fund balance (Working Capital Fund after contribution)	10,442,989	10,504,791
Net Assets	7,487,634	7,549,436

NOTE 3 CASH AND CASH EQUIVALENTS

Cash deposits are held in instant-access bank accounts, interest-bearing accounts and short-term deposits of 90 days or fewer. The average rate of interest earned on interest-bearing accounts and investments was 0.95% in 2023 (negative in 2022).

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

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

	31 December 2023	31 December 2022
Cash on hand	13,867	12,839
Current accounts with banks - Swiss francs	4,014,976	8,695,276
Current accounts with banks - Other currencies	<u>158,667</u>	<u>1,051,692</u>
Total unrestricted cash and current accounts	4,173,643	9,746,968
Current accounts with banks restricted reserve funds - Swiss francs	371,953	382,744
Current accounts with banks - Other currencies	-	-
Current accounts with banks pension fund - Swiss francs	<u>634,395</u>	<u>519,317</u>
Total restricted cash and current accounts	1,006,348	902,060
Subtotal cash and current accounts	5,179,992	10,649,028
Cash held by investment fund manager	330,161	330,161
Pension fund cash held by investment fund manager - Swiss francs	<u>65,388</u>	<u>56,142</u>
Subtotal cash held by investment fund managers	395,549	386,303
Savings account USD	43	47
Term deposit CHF	2,400,000	-
Term deposit CHF	<u>4,000,000</u>	<u>1,001,576</u>
Sub-total term deposits and savings accounts	6,400,043	1,001,623
Total current cash and cash equivalents	11,989,450	12,049,793

Cash and cash equivalents	AA	A	Not rated	Total
Amount	118,615	11,856,968	13,867	11,989,450
Per cent	6%	94%	0%	100%

The Organization has no confirmed credit lines but does maintain limited and informal overdraft arrangements with banks in which it has funds on deposit. These arrangements may be withdrawn by the banks at any time. No overdraft facilities were required in 2023 or 2022.

Ghana	13,100	-	-	-	-	-	-	-	13,100
Guatemala	16,900	15,900	-	-	-	-	-	-	32,800
Guinea	11,200	10,155	-	-	-	-	-	-	21,355
Guyana	11,200	-	-	-	-	-	-	-	11,200
Haiti	12,400	11,000	11,000	11,000	7,823	-	-	-	53,223
Iran (Islamic Republic of)	60,700	61,400	-	-	-	-	-	-	122,100
Iraq	29,200	-	-	-	-	-	-	-	29,200
Lebanon	16,900	17,467	-	-	-	-	-	-	34,367
Liberia	11,200	-	-	-	-	-	-	-	11,200
Madagascar	11,200	11,000	10,971	-	-	-	-	-	33,171
Malawi	11,048	-	-	-	-	-	-	-	11,048
Mali	12,400	11,000	10,186	-	-	-	-	-	33,586
Malta	720	-	-	-	-	-	-	-	720
Marshall Islands	11,200	11,000	11,000	828	-	-	-	-	34,028
Mauritania	11,200	11,000	10,940	-	-	-	-	20,324	53,464
Mongolia	202	-	-	-	-	-	-	-	202
Myanmar	12,400	12,100	203	-	-	-	-	-	24,703
Nepal	332	-	-	-	-	-	-	-	332
Niger	11,200	11,000	10,752	-	-	-	-	-	32,952
Pakistan	3,289	-	-	-	-	-	-	-	3,289
Palestine	10,560	-	-	-	-	-	-	-	10,560
Philippines	18,273	-	-	-	-	-	-	-	18,273
Qatar	158	-	-	-	-	-	-	-	158
Russian Federation	248,600	-	-	-	-	-	-	-	248,600
Rwanda	11,200	11,000	-	-	-	-	-	-	22,200
Saint Lucia	11,200	11,000	11,000	11,000	10,400	10,400	-	-	65,000
Saint Vincent and the Grenadines	11,200	11,000	11,000	11,000	10,400	-	-	-	54,600
Sao Tome and Principe	11,200	-	-	-	-	-	-	-	11,200
Senegal	12,400	12,100	-	-	-	-	-	-	24,500
Seychelles	11,200	-	-	-	-	-	-	-	11,200
Sierra Leone	11,200	11,000	239	-	-	-	-	-	22,439
Somalia	11,200	6,663	-	-	-	-	-	-	17,863
Suriname	11,200	12,100	-	-	-	-	-	-	23,300
Tajikistan	200	-	-	-	-	-	-	-	200
Timor-Leste	561	-	-	-	-	-	-	-	561
Togo	11,200	11,000	-	-	-	-	-	-	22,200
Tonga	11,200	10,800	-	-	-	-	-	-	22,000
Tunisia	13,500	700	-	-	-	-	-	-	14,200
Turkmenistan	15,700	-	-	-	-	-	-	-	15,700
Tuvalu	11,200	11,000	307	-	-	-	-	-	22,507
Uganda	12,400	542	-	-	-	-	-	-	12,942
Vanuatu	11,200	11,000	11,000	11,000	10,214	-	-	-	54,414
Venezuela (Bolivarian Republic of)	36,000	99,700	99,700	99,700	81,300	81,300	79,700	-	661,600
Viet Nam	24,700	-	-	-	-	-	-	-	24,700
Zimbabwe	12,400	11,927	-	-	-	-	-	-	24,327
Andean Parliament	2,200	2,200	2,200	2,200	2,100	1,800	-	-	12,700
Central American Parliament	2,200	1,100	188	-	-	-	-	-	3,488
WAEMU	2,200	1,100	1,100	1,100	-	-	-	-	5,500
Latin American and Caribbean Parliament	2,200	2,495	-	-	-	-	-	-	4,695
MERCOSUR Parliament (PARLASUR)	2,250	-	-	-	-	-	-	-	2,250
CEMAC	2,200	1,100	1,100	1,100	963	-	-	-	6,463
Pan-African Parliament	2,200	-	-	-	-	-	-	-	2,200
ECOWAS	2,200	1,100	771	-	-	-	-	-	4,071
Parliamentary Assembly of La Francophonie	2,200	-	-	-	-	-	-	-	2,200
Total	1,270,585	540,157	248,602	172,028	140,238	105,000	88,608	20,324	2,669,741
<i>Comparative Figures 2022</i>		977,455	415,378	214,000	178,878	177,212	97,808	20,324	
Less expected credit loss							0		-764,421
Net receivable from Members	1,270,585	540,157	248,602	172,028	140,238	105,000	88,608	20,324	1,905,320

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

Allowance for Doubtful Accounts (contributions)

The IPU has calculated a provision for expected credit losses. This allowance is the best estimate of accounts, including Member contributions, that have been recorded as income and set up as accounts receivable, but which may never be received.

After a net decrease of the provision of CHF 9,200 (increase of CHF 45,987 in 2022 adjusted by an additional CHF 61,802 to reflect the recognition of the initial ECL allowance), the allowance for doubtful accounts stood at CHF 764,421 representing 29 per cent (34 per cent in 2022) of the outstanding arrears.

Amount in CHF	31 December 2023	31 December 2022 restated
Opening Balance	773,621	665,833
Restatement	-	61,802
Change in provision for expected credit loss	-9,200	45,987
Closing Balance	764,421	773,621

Allowance for Doubtful Accounts (Observer organizations)

In 2022, a provision was established for expected credit losses related to arrears due from observer organizations based on the IPU policy to fully provision arrears exceeding two years. In 2023 funds were received from an organization fully repaying the amount of arrears older than two years. The accounts receivable amount remaining due at 31 December 2023 represents current receivables not meeting the requirement for the establishment of an allowance for expected credit loss.

Receivables from donors

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

Accounts receivable from donors	31 December 2023	31 December 2022
Equatorial Guinea	8,840	9,133
WHO MNCH	-	32,426
IDEA Interpares	141,634	72,898
SIDA	1,259,553	1,323,360
PMNCH	41,040	-
European Union - Djibouti	11,993	30,472
ASU/Wrigley Foundation	<u>43,362</u>	-
Sub total current	1,506,422	1,468,289
SIDA	-	1,323,360
IDEA Interpares	<u>201,263</u>	-
Sub total non-current	201,263	1,323,360
Total	1,707,685	2,791,649

Tax reimbursements

The IPU is entitled to reimbursement by the Swiss Confederation under the terms of its headquarters agreement of VAT and withholding taxes paid and taxes withheld on Pension Fund investments. The amount represents the amount receivable for taxes paid in 2023.

NOTE 5 INVESTMENTS

In accordance with the financial regulations and the investment policy approved by the Executive Committee, monies not needed for immediate requirements are invested in mutual funds. Total return on investments in 2023 was a net gain of CHF 233,815 (loss of CHF 774,448 in 2022).

Amount in CHF	31 December 2023	31 December 2022
Current assets		
Mutual funds	2,598,248	2,480,002
Term Deposits	-	<u>2,000,000</u>
Subtotal IPU Investments	2,598,248	4,480,002
Mutual funds - flexible fund CHF	<u>807,423</u>	<u>1,674,872</u>
Subtotal Pension Fund Investments	807,423	1,674,872
Total Investments	3,405,671	6,154,873

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

NOTE 6 OTHER CURRENT ASSETS

The IPU has already paid some expenses that relate to 2024 for items such as insurance, subscriptions and postage meter deposits. These disbursements have been reported as current assets also include staff benefit and travel advances. The guarantee deposit on leased facilities in New York City is classified as a non-current asset as the lease on this facility expires in 2027.

Amount in CHF	31 December 2023	31 December 2022
Project and travel advances	28,619	22,415
Prepaid expenses	233,772	227,756
Total other current assets	262,391	250,171
Guarantee deposit	7,770	8,589
Total other non-current assets	7,770	8,589
Total other assets	270,161	258,760

NOTE 7 PROPERTY, PLANT AND EQUIPMENT

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

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

Depreciation is recorded in accordance with the policy described in Note 2. A detailed inventory is kept for all computer-related hardware and software as this is routinely replaced and upgraded and represents a significant investment. The depreciation adjustment for disposals takes into account one computer that was scrapped before full depreciation.

Amount in CHF	Information Technology Communications and Equipment											
	Buildings and Grounds		Furnishings		Equipment		General Equipment		Vehicles		TOTAL	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Historic cost at 01 January	10,017,551	10,017,551	591,279	563,289	539,003	493,323	105,026	105,026	69,981	69,981	11,322,839	11,249,169
Additions	-	-	2,081	27,990	30,712	60,617	-	-	-	-	32,793	88,607
Disposals	-	-	-	-	-67,836	-14,937	-	-	-	-	-67,836	-14,937
Historic cost at 31 December	10,017,551	10,017,551	593,360	591,279	501,879	539,003	105,026	105,026	69,981	69,981	11,287,796	11,322,839
Accumulated depreciation	-2,761,173	-2,503,453	-558,893	-556,629	-396,735	-347,583	-105,026	-92,193	-69,981	-69,981	-3,891,807	-3,569,839
Adjust depreciation for disposals	-	-	-	-	66,225	14,937	-	-	-	-	66,225	14,937
Depreciation current period	-257,719	-257,719	-4,402	-2,264	-65,088	-64,089	-	-12,833	-	-	-327,209	-336,905
Total accumulated depreciation	-3,018,892	-2,761,173	-563,295	-558,893	-395,598	-396,735	-105,026	-105,026	-69,981	-69,981	-4,152,791	-3,891,807
Net carrying value at 01 January	7,256,378	7,514,097	32,386	6,660	142,268	145,740	-	12,833	-	-	7,431,032	7,679,331
Net carrying value at 31 December	6,998,658	7,256,378	30,065	32,386	106,281	142,268	-	-	-	-	7,135,005	7,431,032

NOTE 8 INTANGIBLE ASSETS

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

Amount in CHF	Website development	
	2023	2022
Historic cost at 01 January	406,267	406,267
Additions		
Disposals	-	-
Historic cost at 31 December	406,267	406,267
Accumulated amortization	-381,187	-314,875
Amortization current period	-22,213	6,311
Net carrying amount	-403,399	-381,187
Net carrying value at 01 January	25,080	91,391
Net carrying value at 31 December	2,867	25,080

NOTE 9 DEFERRED REVENUE

The IPU receives funds from several donors for the implementation of various activities. Total disbursements from voluntary funds in 2023 were CHF 3,610,650 (CHF 3,376,028 in 2022). At 31 December 2023 the net advance of voluntary contributions was CHF 3,864,778 (CHF 6,958,129 in 2022).

Project (Amount in CHF)	Funder	Unexpended Balance of Prior Commitments	New/Expired Commitment in 2023	Funds used in 2023	Balance of Commitment	Deferred Revenue
Gender	Irish Aid	-176,250	-192,956	168,373	-200,833	200,833
Global Funding	SIDA DFATD	-2,757,673	173,354	1,160,980	-1,423,339	1,423,339
Gender	Canada	-845,051	-	603,906	-241,146	241,146
Development Funding	China	-1,137,715	-	228,255	-909,460	909,460
Parliamentary Solidarity Fund	IPU Members Wrigley Foundation	-92,744	-	-	-92,744	92,744
Climate InterPares (see note below)	IDEA Swiss Parliament	-	-88,110	88,110	-	-
CEDAW Handbook Handbook on Statelessness	UNHCR	-15,120	-4,500	19,620	-	-
MNCH	PMNCH	-826	-	826	-	-
Migration	Micronesia	-	-82,080	8,375	-73,705	73,705
Peace	Micronesia	-52,441	-	9,759	-42,682	42,682
Governance	Micronesia	-54,600	-	-	-54,600	54,600
LDC5 Conference	UNOHRLLS	-63,700	-	-	-63,700	63,700
Human Rights	OHCHR European Union	-27,706	-	13,678	-14,028	14,028
Djibouti	OHCHR	-	-9,290	-	-9,290	9,290
Counter Terrorism	China Arab Parliament United Arab Emirates	-77,587	29,180	48,407	-	-
Peace	China	-3,177	-	3,177	-	-
Peace	Parliament United Arab Emirates	-17,205	-	12,774	-4,431	4,431
Peace	Qatar	-217,571	-	182,412	-35,159	35,159
Peace	Qatar	-1,418,761	-	927,220	-491,541	491,541
Total	CHF	-6,958,129	-517,299	3,610,650	-3,864,778	3,864,778
<i>Comparative Figures 2022</i>		-6,709,170	-3,780,539	3,376,028	6,958,129	-6,958,129

Note -

CHF 201,263 of the deferred revenue from IDEA InterPares will be expended in 2024 and is classified as a non-current liability.

NOTE 10 BORROWINGS

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

The loan was interest-free and currently requires reimbursement of the principal only. The value of the interest with a rate of 1.15 per cent waived in 2022 was CHF 55,057 (CHF 56,586 in 2022) and the value of interest to be waived until the final payment on the loans due in 2052 is CHF 845,394 (CHF 900,451 in 2022). The value of the waiver of interest is equal to the future value of the loan discount.

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

Amount in CHF	2023	2022
Current liabilities		
FIPOI loan payable - current	189,600	189,600
Non-current liabilities		
FIPOI loan payable - 1-5 years	948,000	948,000
FIPOI loan payable - after 5 years	<u>4,360,800</u>	<u>4,550,400</u>
Sub-total non-current liabilities	5,308,800	5,498,400
Less discounting of non-current at effective interest rate	<u>845,394</u>	<u>900,451</u>
Sub-total non-current liabilities at amortized cost	4,463,406	4,597,949
Total borrowings	4,653,006	4,787,549

NOTE 11 EMPLOYEE BENEFIT LIABILITIES

United Nations Joint Staff Pension Fund (UNJSPF)

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

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

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

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

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

The actuarial valuation as of 31 December 2023 resulted in a funded ratio of actuarial assets to actuarial liabilities of 117.0%. The funded ratio was 158.2% when the current system of pension adjustments was not taken into account.

After assessing the actuarial sufficiency of the Fund, the Consulting Actuary concluded that there was no requirement, as of 31 December 2021, for deficiency payments under Article 26 of the Regulations of the Fund as the actuarial value of assets exceeded the actuarial value of all accrued liabilities under the plan. In addition, the market value of assets also exceeded the actuarial value of all accrued liabilities as of the valuation date. At the time of this report, the General Assembly has not invoked the provision of Article 26.

Should Article 26 be invoked due to an actuarial deficiency, either during the ongoing operation or due to the termination of the Fund, deficiency payments required from each member organization would be based upon the proportion of that member organization's contributions to the total contributions paid to the Fund during the three years preceding the valuation date. Total contributions paid to the Fund during the preceding three years (2020, 2021 and 2022) amounted to USD 8,937.68 million, of which .001% was contributed by the Union.

During 2023, contributions paid to the Fund amounted to USD 1.151 million (2022 USD 1.04 million). Expected contributions due in 2024 are approximately USD 1.2 million.

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

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

(b) The IPU guarantees a legacy Pension Fund that will pay pensions to former employees and some current employees of the IPU based on various factors, including the number of years of service and salary at retirement. The legacy Pension Fund was closed to new members in 2005. The Pension Fund is governed directly by the IPU and has no independent governance structure. Under the terms of the IPU's Headquarters agreement with the Swiss Federal Council the Pension Fund is not subject to any Swiss Federal or Cantonal regulatory authority. Since the Pension Fund is closed to new members and one-fifth of the actuarial determined liability is funded by investments, the Pension Fund is likely to have a future impact on the cash flow of the Organization starting in 2026. The pension liability has been calculated by an independent actuary utilizing the projected unit credit methodology. Each year, the IPU reviews and selects assumptions that will be used in the valuation. For the 2023 valuation, the assumptions utilized are as follows:

	31-Dec-23	31-Dec-22
Actuarial assumptions		
Discount rate	1.40%	2.10%
Salary increases	1.20%	1.20%
Pension increase	1.20%	1.20%

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

Amount in CHF	2023	2022
Accrued Pension Liability	8,192,747	8,403,659
Pension Fund Assets	1,512,959	2,263,320
Net Liability	-6,679,788	-6,140,339

	31-Dec-23	31-Dec-22
Change in benefit obligation		
Benefit obligation at 01 January	8,403,659	9,776,406
Current service cost	1,296	2,631
Interest cost	167,055	18,675
Employee contributions	2,682	2,601
Pension paid by plan	-845,543	-880,310
Actuarial gain/loss	<u>463,598</u>	<u>-516,344</u>
Benefit obligation at 31 December	8,192,747	8,403,659

Amounts recognized in the Net Assets

Amount recognized at beginning of period	-3,378,276	-3,894,620
Actuarial gain (loss) - Financial	-377,580	-
Actuarial gain (loss) - Demographic	<u>-86,018</u>	<u>516,344</u>
Cumulative amount recognized in net assets	-3,841,874	-3,378,276

Summary of membership data

Number of retirees	9	10
Number of active participants	1	1
Total insured salaries	130,092	127,728
Average age (years) of active participants	54.3	53.3
Average expected remaining service years of active participants	5.7	6.7

Present value of unfunded obligation	<u>8,192,747</u>	<u>8,403,659</u>
Amount in the statement of financial position	8,192,747	8,403,659

Current service cost	1,296	2,631
Interest cost	<u>167,055</u>	<u>18,675</u>

Total pension cost recognized on statement of financial performance	168,351	21,306
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The calculation of the net liability to the IPU is made as a defined benefit obligation which requires the immediate recognition of actuarial gains and losses in a separate component of net assets in accordance with IPSAS 39 which became effective on 1 January 2018.

Sensitivity analysis**- Discount rate**

Increasing the discount rate by 0.5% (from 1.4% to 1.9%) would reduce the present benefit obligation for the pensions by CHF 268,143 and the liability for the active members by CHF 4,703.

- Pension increase rate

Increasing the pension increase rate by 0.5% (from 1.2% to 1.7%) would increase the present benefit obligation for the pensions by CHF 280,798 (no significant change for the remaining active member).

- Salary increase rate

Increasing the salary increase rate by 0.5% (from 1.2% to 1.7%) would increase the present benefit obligation for the active members by CHF 5,496.

- Life Expectancy

An increase in life expectancy by one year would increase the present benefit obligation for the pensions by CHF 696,431 but would not have an impact on the remaining active member.

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

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

Amount in CHF	2023	2022
Post employment benefits		
Reinstallation premiums	642,815	609,546
Grants for removal expenses	224,365	203,971
Sub Total	867,181	813,517
Other accumulated leave benefits		
Encashment of unused leave	740,798	723,348
Sub Total	740,798	723,348
TOTAL	1,607,978	1,536,864

NOTE 12 LEASES

The IPU has a five-year lease expiring in 2027 for office accommodation at 336 East 45th Street, New York, United States of America. The annual lease payment for 2023 was CHF 120,442 (CHF 127,025 in 2022). The lease is cancellable with six months' notice by the IPU.

NOTE 13 RESERVES

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

Amount in CHF	2023	2022
Opening Balance	382,744	393,534
Contributions		
Expenditures	10,790	10,790
Closing Balance	371,954	382,744

(b) The IPU has established a reserve for offsetting carbon emissions from IPU activities, especially those involving travel. In 2023, an amount of CHF 23,200 (CHF 20,800 in 2022) was contributed to the reserve to compensate for emissions of CO₂ from regular activities. Expenditures of CHF 10,870 in 2023 (expenditures of CHF 16,714 in 2022) were made on climate change-related activities using funds from the reserve.

Amount in CHF	2023	2022
Opening Balance	40,177	36,091
Contributions	23,200	20,800
Expenditures	10,870	16,714
Closing Balance	52,507	40,177

NOTE 14 CONTINGENT LIABILITIES

During the course of 2023, several staff members received notices of tax assessment from the Ministry of Economy, Finance and Industry of France. The IPU is contractually obligated to reimburse to staff members any national taxes paid in respect to income earned from the IPU and it believes that all amounts for prior years were settled during 2023.

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

	Operating	Financing	Investing	Total
Revenue on budgetary basis	16,154,535	-	-	16,154,535
Less staff assessment included in revenue	<u>-1,096,987</u>	<u>-</u>	<u>-</u>	<u>-1,096,987</u>
Revenue net of staff assessment	15,057,548	-	-	15,057,548
Expense on budgetary basis	15,921,414	-	-	15,921,414
Less staff assessment included in expense	<u>-1,096,987</u>	<u>-</u>	<u>-</u>	<u>-1,096,987</u>
Expense net of staff assessment	14,824,427	-	-	14,824,427
Net result on budgetary basis	233,121	-	-	233,121
Presentation differences				
Less income from Working Capital Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Sub total presentation differences	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Entity difference - Pension Fund net result	-75,851	-	-	-75,851
Surplus per Statement of Financial Performance	157,270	-	-	157,270

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

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

Amount in CHF	2023	2022
Gross Staff Assessment	1,128,813	1,109,252
Reimbursements	2023	2022
- France	31,826	30,585
Total	31,826	30,585
Net Staff Assessment	1,096,987	1,078,667

NOTE 16 RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT PERSONNEL

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

Key management personnel

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

Key management personnel and their aggregate remuneration were as follows:

	2023	2023	2022	2022
	Number of individuals	Aggregate remuneration cost	Number of individuals	Aggregate remuneration cost
	(as an average)	(in CHF)	(as an average)	(in CHF)
Senior officers:	5.0		5.0	
Net salary and post adjustment		1,076,932		1,013,716
Employer medical and pension contributions		253,486		252,209
Other allowances		98,845		94,469
Sub total		1,429,263		1,360,394
Total		1,429,263		1,360,394

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

Related party transactions

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

NOTE 17 SEGMENT REPORTING

Segment information is presented in a format based upon the strategic objectives and other charges approved by the Governing Council in the 2023 budget. Only revenue and expense are presented by segment. All assets and liabilities belong to the IPU as a whole and there is no reasonable basis for allocation of individual assets, liabilities and net assets to individual segments.

	Strategic Objectives	Other charges	Pension Fund	Eliminations	Total
Revenue					
Assessed Contributions	11,268,350	0	0	0	11,268,350
Voluntary Contributions	3,610,650	0	0	0	3,610,650
Investment income	172,542	0	74,714	0	247,256
Other Income	271,876	0	8,047	-271,235	8,688
Total revenue	15,323,418	0	82,761	-271,235	15,134,944
Expense					
Personnel Expenditure – permanent staff	7,846,236	0	828,295	-5,364	8,669,166
Personnel Expenditure – temporary staff	3,566,727	0	0	0	3,566,727
Change in legacy pension fund provision	0	75,851	-750,361	0	-674,510
Travel Expenditure	872,042	0	0	0	872,042
Contractual Services	1,491,508	0	4,826	-265,870	1,230,464
Operating Expenses	645,858	0	0	0	645,858
Supplies, Materials and Equipment	153,705	0	0	0	153,705
Allowance for Doubtful Accounts	0	-27,200	0	0	-27,200
Grants and Honoraria	96,459	0	0	0	96,459
Depreciation	349,422	0	0	0	349,422
Amortization of loan	55,057	0	0	0	55,057
(Gain)/Loss on Foreign Exchange	40,483	0	0	0	40,483
Total expense	15,117,497	48,651	82,761	-271,235	14,977,674

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

NOTE 18 REVENUE AND EXPENSE

Assessed contributions

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

Voluntary contributions

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

Programme support costs

The IPU charges programme support costs for the projects it implements with funding from other agencies. The IPU collected fees in the amount of CHF 259,344 on project direct costs of CHF 3,610,650 (CHF 245,453 on project direct costs of CHF 3,376,028 in 2022).

Other income

Other income includes as follows:

Amount in CHF	2023	2022
Staff contributions to pension fund	2,682	2,601
Other	6,006	65,899
Total Other Income	8,688	68,500

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

Investment income

Total returns on investments were:

Amount in CHF	2023	2022
Interest	47,573	-28,047
Capital Gains (Losses)	199,683	-746,401
Total Investment Income	247,256	-774,448

Expense

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

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

Amount in CHF	2023	2022
Salaries and allowances - regular staff	5,694,362	5,505,680
Dependent allowance	255,804	268,129
Pension contribution UNJSPF	1,151,344	1,104,906
Health insurance	390,465	375,754
Education allowance	223,781	216,508
Other allowances	29,863	41,048
Separation benefits	72,253	66,823
Pension and survivor benefits	828,295	872,507
Other benefits	28,363	115,102
Less eliminations	-5,364	-5,202
Total personnel expense - permanent staff	8,669,166	8,561,253

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

Amount in CHF	2023	2022
Temporary Staff	255,717	172,194
Interpreters	722,998	668,283
Translators	194,486	166,828
Consultants	2,393,525	2,262,169
Total personnel expense - temporary staff	3,566,727	3,269,474

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

Amount in CHF	2023	2022
Current service cost	1,296	2,631
Interest cost	167,055	18,675
Employee contributions	2,682	2,601
Pension paid by plan	-845,543	-880,310
Net credit to employee benefits recognized on statement of Financial Performance	-674,510	-856,403

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

Amount in CHF	2023	2022
Allowances	192,820	249,331
Transportation	676,374	691,164
Incidentals	2,848	15,711
Total travel expenditure	872,042	956,206

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

Amount in CHF	2023	2022
Translating/editing	553,782	563,631
Printing and publishing	97,686	47,011
Conference Venue Services	176,151	302,099
Computer maintenance and on line databases	43,503	8,363
Audit costs	14,800	9,300
Pension fund investment management and banking	4,826	10,435
Management services	259,344	248,073
Other	339,716	214,908
Eliminations	-259,344	-248,073
Total contractual services	1,230,464	1,155,748

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

Amount in CHF	2023	2022
Rent	120,442	127,637
Heating	45,439	35,412
Electricity	59,880	27,047
Water	2,323	2,193
Premises and grounds maintenance	82,479	71,344
Cleaning	97,723	81,469
Security	13,811	15,115
Insurance	6,895	5,722
Vehicles	17,594	8,252
GE Maintenance, insurance & rental	53,193	69,250
Communications	57,825	90,563
Internet connectivity	21,680	21,837
Website	5,820	-
Press and publicity costs	-	21,712
Hospitality	23,640	16,624
Institutional gifts	24,886	9,679
Bank charges	12,227	8,800
Total Operating expenses	645,859	612,655

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

Amount in CHF	2023	2022
Paper	2,876	13,493
Stationery	2,098	704
Miscellaneous office supplies	40,751	45,169
Coffee/tea/drinking water	1,579	2,087
Sundry	304	591
IT maintenance and repair	30,235	19,449
Software and supplies	74,801	67,593
Books	146	233
Periodicals	914	2,539
Total supplies , materials and equipment	153,705	151,859

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

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

Amount in CHF	2023	2022
Change in provision for assessed contributions receivable	-9,200	45,988
Change in provision for observer contributions receivable	-18,000	-
Restatement of 2022 to reflect change to expected credit loss	-	61,802
Write-off of doubtful debt	-	15,619
Total change in provisions	-27,200	123,408

Expenses for grants and honoraria include grants to the Association of Secretaries General of Parliaments (ASGP) and the International Knowledge Network of Women in Politics (iKNOW Politics) and the honoraria for the President of the IPU.

Amount in CHF	2023	2022
Grants	72,550	103,039
Honorariums	23,909	30,000
Total grants and honorariums	96,459	133,039

NOTE 19 FINANCIAL RISKS

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

Amount in CHF	2023	2022 Restated
Cash and cash equivalents	5,589,407	11,048,170
Deposits	6,400,043	3,001,623
Accounts receivable - assessed contributions	1,905,320	1,331,031
Accounts receivable - voluntary contributions	1,707,685	2,791,649
Accounts receivable - other	64,612	37,844
Investments	3,405,671	4,154,873
Borrowing	-4,653,006	-4,787,549
Accounts Payable & other current liabilities	-367,227	-434,584
Net financial assets less financial liabilities	14,052,505	17,143,057

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

Market risk

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

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

Amount in CHF	Impact on surplus/deficit	Impact on Net Assets
Impact +5%	120,911	192,942
Impact -5%	-133,639	-192,942

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

Liquidity risk

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

The IPU's total of cash and cash equivalents at 31 December 2023 of CHF 12.0 million is sufficient to meet its current liabilities at that date of CHF 4.7 million. On an ongoing basis, it is anticipated that the IPU will have sufficient liquidity to pay all of its debts due. The maturity of the financial liabilities is reflected in Statement I – Statement of Financial Position.

Credit risk

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