



Schweizerische Eidgenossenschaft  
Confédération suisse  
Confederazione Svizzera  
Confederaziun svizra  
Swiss Confederation

# STATE FINANCIAL STATEMENTS

20  
18

REPORT

**PUBLISHED AND EDITED BY**

**EDITING**

Federal Finance Administration

Internet: [www.efv.admin.ch](http://www.efv.admin.ch)

**DISTRIBUTION**

FOBL, Federal Publication Sales, CH-3003 Bern

[www.bundespublikationen.admin.ch](http://www.bundespublikationen.admin.ch)

No. 601.300.18e

19.003

## **DISPATCH ON THE 2018 STATE FINANCIAL STATEMENTS**

of March 22, 2019

Dear Mrs President of the National Council,  
Dear Mr President of the Council of States,  
Ladies and gentlemen,

With this dispatch, we hereby submit the Swiss state financial statements for 2018 to you, and propose that you approve them in accordance with the enclosed draft resolutions.

Respectfully yours,

Bern, March 22, 2019

On behalf of the Swiss Federal Council

President of the Swiss Confederation:

**Ueli Maurer**

Federal Chancellor:

**Walter Thurnherr**

## **SYMBOLS AND ABBREVIATIONS**

The following symbols and abbreviations were used in the tables in this dispatch:

-	same as 0 or no value
n.d.	not displayed
n.q.	not quantifiable
CHF	Swiss francs
mn	million
bn	billion
%	percent
Δ	difference
Ø	average
>	greater than
<	smaller than
Fin. stmt.	financial statements
Bdg.	budget
FP	financial plan
LFP	legislature financial plan
E	estimate
FTE	full-time equivalent
PG	performance group(s)

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# REPORT ON THE ANNUAL FINANCIAL STATEMENTS

A





# FIGURES OVERVIEW

## FIGURES OVERVIEW

CHF mn	FS 2017	Bdg. 2018	FS 2018	Δ 2017-18	
				absolute	%
<b>Financing statement</b>					
Ordinary receipts	70 857	71 322	73 512	2 655	3.7
Ordinary expenditure	68 236	71 027	70 574	2 338	3.4
Ordinary fiscal balance	2 621	295	2 938	317	
Extraordinary receipts	177	-	90	-87	
Extraordinary expenditure	-	-	-	-	
Overall fiscal balance	2 798	295	3 029	230	
<b>Debt brake</b>					
Maximum admissible expenditure	71 495	71 465	73 145	1 650	2.3
Structural surplus (+) / structural deficit (-)	3 258	437	2 571	-688	
Compensation account balance	24 892		27 463	2 571	
Amortization account balance	2 781		2 871	90	
<b>Statement of financial performance</b>					
Operating revenue	69 483	69 345	71 817	2 334	3.4
Operating expenses	66 791	68 401	67 698	908	1.4
Operating result	2 692	944	4 119	1 427	
Financial result	-1 040	-861	-818	222	
Result from interests	2 750	828	2 400	-350	
Surplus/deficit for the year	4 403	911	5 701	1 298	
<b>Statement of investments</b>					
Investment receipts	648	1 293	1 270	622	95.9
Investment expenditure	8 396	11 086	10 921	2 525	30.1
Statement of investments balance	-7 748	-9 792	-9 652	-1 904	
Extraordinary investment receipts	78	-	0	-78	
Extraordinary investment expenditure	-	-	-	-	
Statement of investments balance	-7 669	-9 792	-9 651	-1 982	
<b>Statement of financial position</b>					
Net assets/equity	20 430		27 119	6 689	32.7
Gross debt	105 242	100 800	99 407	-5 835	-5.5
<b>Indicators</b>					
Expenditure ratio in %	10.2	10.3	10.2	0.0	
Tax ratio in %	9.9	9.6	9.9	0.0	
Gross debt ratio in %	15.7	14.6	14.4	-1.3	
<b>Macroeconomic reference values</b>					
Real GDP growth in %	1.6	1.9	2.5	0.9	
Nominal GDP growth in %	1.2	2.3	3.2	2.0	
Change in the National Consumer Price Index in %	0.5	0.2	0.9	0.4	
Long-term interest rates in % (annual average)	-0.1	0.2	0.0	0.1	
Short-term interest rates in % (annual average)	-0.7	-0.7	-0.7	0.0	
USD to CHF exchange rate (annual average)	0.98	1.00	0.98	0.00	
EUR to CHF exchange rate (annual average)	1.11	1.10	1.15	0.04	

### Notes:

- Interest rates: Annual average for 10-year federal bonds or 3-month Libor.
- Exchange rates: Annual averages. Source: SNB.
- The figures for 2017 were adjusted (see section B 72).



# SUMMARY

The federal budget ended 2018 with an ordinary surplus of 2.9 billion. 0.3 billion had been expected in the budget. This good result was largely due to higher receipts from withholding tax and direct federal tax. Gross debt was once again below the 100-billion mark for the first time since 1997.

The *Swiss economy* grew by 2.5% last year. This good economic performance was driven mainly by high foreign demand and solid investing activities. In contrast, consumption was below average. Inflation stood at 0.9%, and was thus positive again for the second year in succession. Unemployment fell to 2.6%.

The buoyant economy had a positive impact on the federal budget. The *ordinary fiscal balance* amounted to 2.9 billion. A surplus of 295 million had been expected in the budget. *Receipts* were 2.2 billion higher than in the budget. Additional receipts were posted primarily in the case of withholding tax (+1.6 bn) and direct federal tax (+0.9 bn). Regarding *expenditure*, the budget deviation of -0.5 billion (-0.6%) was below the 10-year average (-1.8%). Expenditure on security (-0.3 billion) and social welfare (-0.4 billion), in particular, came in below budget. Additional expenditure was incurred predominantly in those task areas with higher restricted receipts than budgeted. The repayment of unduly received PostAuto AG subsidies was recognized as extraordinary receipts (90 mn).

The favorable economic situation also affected the *debt brake*. A cyclically permissible deficit of 143 million was assumed in the 2018 budget. However, as economic output actually exceeded its potential, the debt brake required a cyclical surplus of 368 million in the financial statements. This requirement was clearly exceeded. The cyclically adjusted or structural surplus amounted to 2.6 billion.

*Gross debt* was lowered by 5.8 billion to 99.4 billion in the year under review. This corresponds to 14.4% of gross domestic product. Consequently, gross debt was once again below the 100-billion mark for the first time since 1997.

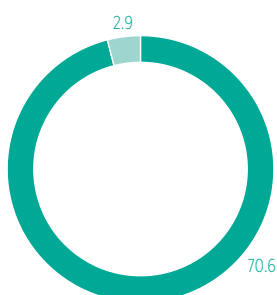
The *statement of financial performance* ended with a revenue surplus of 5.7 billion. A surplus of 0.9 billion had been expected in the budget. This good result was attributable mainly to the operating result (+3.2 bn) and the result from financial interests (+1.6 bn). The difference relative to the financing statement was due essentially to unrealized gains on financial interests.

The *statement of investments* ended with a balance of -9.7 billion. Higher expenditure for road infrastructure and the promotion of renewable energies pushed up the Confederation's investment expenditure to 10.9 billion (+30.1%). In this regard, it is worth mentioning the first-time deposits in the grid supplement fund for the promotion of renewable energies (GrSF; around 1.3 bn) and in the motorway and urban transportation fund (around 1.1 bn).

The *fiscal policy outlook* has improved thanks to the year's very good results. The Federal Council also carried out a fiscal policy assessment on February 13, 2019. It is assumed that the global economic slowdown that began at the end of 2018 will continue in 2019. The economic forecasts have been revised downward accordingly. Nevertheless, it has been possible for the receipt estimates to be revised upward, especially in the case of withholding tax and direct federal tax. A structural surplus of around 400 million is expected for 2020; a structural deficit had been anticipated previously. The tax reform and AHV financing (TRAF) can thus be implemented without savings measures.

## 2018 FINANCIAL STATEMENTS APPROPRIATION OF RECEIPTS

Ordinary financing statement



- Expenditure
- Surplus

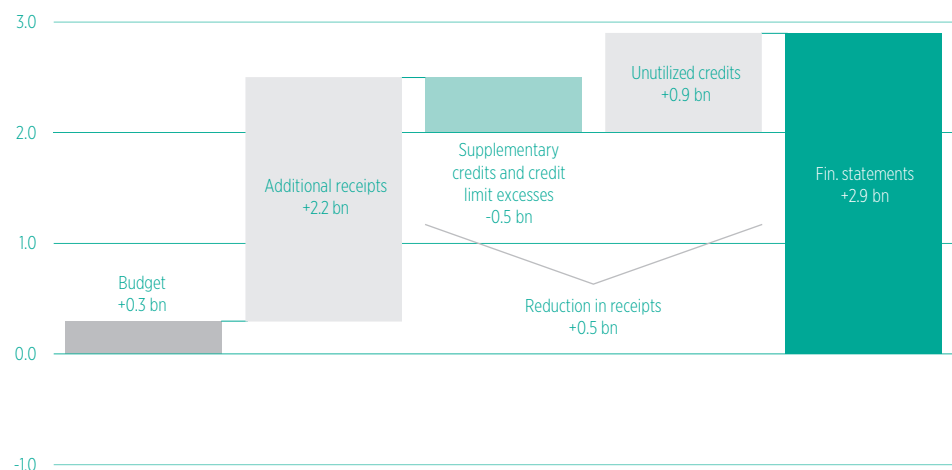
The ordinary budget posted a surplus of 2.9 billion. These funds were not used for expenditure and are available for debt reduction.

### 2017 FINANCIAL STATEMENT ADJUSTMENT DUE TO ERROR CORRECTION

The 2017 federal financial statements contained three material errors, which were corrected retroactively. The errors concerned withholding tax and the valuation of motorways and armament buildings in the statement of financial position. The correction was made in the form of a restatement. This refers to the revaluation of the affected items in the statement of financial position and a correction in the 2017 statement of financial performance. At the end of 2017, the net assets/equity figure was 1,007 million lower (withholding tax -172 mn; motorways -718 mn; armament buildings -117 mn). The retroactive correction corresponds to the mandate set out in Article 5 of federal decree I on the 2017 state financial statements. The corrected figures will be submitted to the Federal Assembly for approval together with this dispatch on the 2018 financial statements. Further information on the changes can be found in section B 72.

### DERIVATION OF THE ORDINARY FINANCIAL STATEMENT RESULTS

Financing statement for 2018 in bn



A surplus of just under 0.3 billion had been budgeted for 2018. Substantially higher receipts, especially from withholding tax and direct federal tax, combined with lower expenditure, led to the ordinary surplus of 2.9 billion.

# EXPLANATIONS

## 1 BACKGROUND

### 11 BUDGETING FOR 2018

The dispatch on the 2018 budget was adopted by the Federal Council with a structural surplus of 130 million in August 2017. The people rejected the 2020 retirement provision reform in September, which significantly eased the burden on the federal budget temporarily. Including Parliament's adjustments, the structural surplus was 0.4 billion.

The Federal Council adopted the dispatch on the 2018 budget on August 23, 2017. The structural surplus amounted to 131 million. In order to meet the debt brake requirements, the Federal Council had already adopted measures in February to reduce expenditure by 1 billion per year relative to the last financial plan. The adjustment package consisted of a change to loosely earmarked expenditure in line with lower inflation (520 mn), administration cuts (150 mn) and targeted measures in areas that had grown particularly sharply in previous years.

The 2018 budget was discussed by Parliament during the 2017 winter session and was adopted on December 14, 2017. The rejection of the 2020 retirement provision reform in the referendum of September 24, 2017 provided short-term relief of 442 million for the federal budget. Aside from taking account of the referendum result in the 2018 budget, Parliament both increased and reduced budget items. Higher expenditure was decided in particular for direct payments for agriculture (+84 mn), the financial contribution to the ETH (+53 mn) and research promotion (+16 mn). Social assistance for asylum seekers, temporarily admitted persons and refugees was reduced (-41 mn) due to the lower number of asylum applications. The changes led to a budgeted financing surplus of 295 million. The structural surplus according to the debt brake amounted to 437 million.

During budget implementation, the scale of supplementary credits with a financing effect approved by Parliament was 80 million, or 0.1% of the budgetary credits, which was much lower than the empirical level of 0.4%, after taking compensation into account. The biggest supplementary credit related to investments in federal asylum centers (21.6 mn; addendum I). Further information can be found in section C 31. In addition, the Federal Council transferred credits of 10.5 million (see section C 32). Credit overruns amounted to 236.4 million (see section C 33). They will be submitted to Parliament for retroactive approval together with the state financial statements.

## 12 ECONOMIC DEVELOPMENT

The fiscal year's economic growth came as a pleasant surprise.

### MACROECONOMIC PARAMETERS 2018

	Bdg.	FS	Deviation in percentage points
Change in %			
Real GDP	1.9	2.5	0.6
Nominal GDP	2.3	3.2	0.9
Rate in %			
Inflation (CPI)	0.2	0.9	0.7

The 2018 budget assumed that economic growth would accelerate to 1.9%. Coming in at 2.5%, this forecast was clearly exceeded. The dynamic development was due primarily to higher foreign demand and an increase in investments. In contrast, consumption was below average and thus helped to smooth the economy.

### LOSS OF MOMENTUM OVER THE COURSE OF THE YEAR

As the year progressed, there were signs of economic momentum weakening significantly in the middle of the year. While the first half of the year was still marked by the stimulus provided by the US tax reform, the bad news began to increase around August. For example, economic growth in China and Germany weakened significantly, and risks such as a disorderly Brexit were being felt more strongly.

### ECONOMY DRIVEN BY THE EXPORT INDUSTRY AND INVESTMENTS

In 2018, Switzerland benefited overall from both the favorable global economy and a temporary depreciation of the Swiss franc, which facilitated exports and made imports more expensive. The latter was one of the main reasons for the rise in the National Consumer Price Index (CPI). Having reached 0.5% in 2017, inflation was thus positive again for the second time in succession. The average change in the CPI was 0.9%.

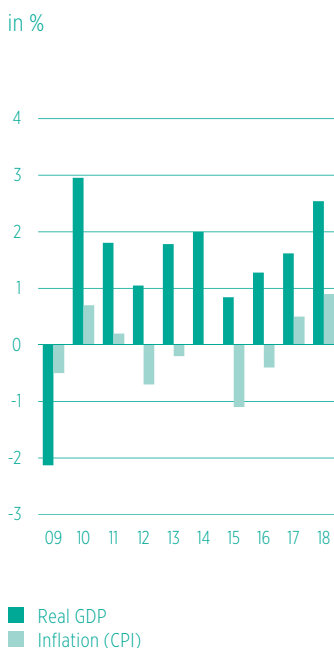
### LOW UNEMPLOYMENT RATE

The robust economic growth further exacerbated the tightness of the labor market. The demand for manpower increased in 2018, but labor supply failed to keep pace with this rising demand. As a result, the rate of unemployment fell to 2.6% in the course of the year (2017: 3.2%). However, the greater demand for labor did not affect wages in 2018. Although wages rose slightly, they lagged behind inflation, resulting in a net loss of purchasing power.

### STABLE MONETARY POLICY

The persistently low inflation rate was within the target range of the Swiss National Bank (SNB). As inflation expectations also remained low and the Swiss franc was still regarded as highly valued, the SNB kept interest rates at their low level. Although the record low interest rates on deposits with the SNB (-0.75%) adversely affected the interest business of banks, insurance companies and pension funds, at the same time, the interest rate differential limited the upward pressure on the Swiss franc and thus bolstered the Swiss economy.

### ECONOMIC GROWTH AND INFLATION



Inflation increased in 2018 in parallel to the economic upswing. Real growth of 2.5% in 2018 is the highest rate seen since 2010.

## 2 RESULTS

### 21 FINANCING STATEMENT

The federal budget ended 2018 with a surplus of 3.0 billion. The pleasing results were based primarily on the robust momentum of receipts, but also on considerable expenditure discipline.

#### OVERALL FISCAL BALANCE

CHF mn	FS	Bdg.	FS	Δ 2017-18	
	2017	2018	2018	absolute	%
<b>Overall fiscal balance</b>	<b>2 798</b>	<b>295</b>	<b>3 029</b>		
Ordinary financing result	2 621	295	2 938		
Ordinary receipts	70 857	71 322	73 512	2 655	3.7
Ordinary expenditure	68 236	71 027	70 574	2 338	3.4
Extraordinary receipts	177	-	90		
Extraordinary expenditure	-	-	-		

The figures for 2017 were adjusted (see section B 72).

The ordinary fiscal balance for 2018 amounted to 2.9 billion. A surplus of 295 million had been expected in the budget. The improvement was due mainly to additional receipts (2.2 bn), with withholding tax receipts in particular exceeding expectations (+1.6 bn). Lower than budgeted expenditure (-0.5 bn) likewise contributed to the improved result. The result was also better than in the 2017 financial statements (+300 mn).

The repayment of unduly received PostAuto AG subsidies generated extraordinary receipts of 90 million in the extraordinary budget. Overall, a surplus of 3 billion ensued in the financing statement.

Ordinary receipts were up by almost 2.7 billion, or 3.7%, on the previous year. The robust growth was attributable on the one hand to direct federal tax, as the good level of employment and improved margins had a positive impact on income and profits. On the other hand, the increase was due to new or non-recurring receipts. These include first and foremost the integration of the grid supplement fund into the federal budget, which led to new receipts and expenditure (+1.1 bn), and the conversion of SIFEM AG loans into share capital (+374 mn).

Relative to the previous year, ordinary expenditure grew by 2.3 billion, or 3.4%. The development was strongly impacted by structural breaks: following the introduction of the motorway and urban transportation fund, expenditure on road infrastructure increased by 1.2 billion. The aforementioned first-time inclusion of the grid supplement in the federal financial statements was another growth factor. Conversely, the IV supplementary financing expired at the end of 2017, which restrained expenditure growth in 2018.

#### DEVELOPMENT OF THE ORDINARY FISCAL BALANCE

in bn



■ Financial statements  
■ Budget

The Confederation has been posting surpluses almost continuously in recent years (with the exception of 2014). The improvement relative to the budget in 2017 and 2018 was attributable mainly to the considerable additional receipts from withholding tax.

**EXPENDITURE GROWTH CURBED BY TRANSITORY ITEMS**

Transitory items are tax and duty shares which are not available to the Confederation for the performance of its tasks. They are not controllable in the short term and thus escape fiscal policy prioritization. In 2018, they amounted to 8.5 billion, or 12% of expenditure.

Excluding transitory items, expenditure increased by 5.1%. Expenditure growth for the performance of federal tasks was thus significantly higher than the nominal economic growth of 3.2%. This was largely due to the integration of the grid supplement into the federal budget in 2018, which increased receipts and expenditures by 1,051 million. Excluding transitory items and the grid supplement, expenditure growth corresponded to the unadjusted growth rate of 3.4 %.

**DEVELOPMENT OF ORDINARY EXPENDITURE EXCLUDING TRANSITORY ITEMS**

CHF mn	FS	Bdg.	FS	Δ 2017-18	
	2017	2018	2018	absolute	%
<b>Ordinary expenditure incl. transitory items</b>	<b>68 236</b>	<b>71 027</b>	<b>70 574</b>	<b>2 338</b>	<b>3.4</b>
Transitory items	9 236	8 194	8 536	-700	-7.6
Cantons' share direct federal tax	3 583	3 683	3 840		
Cantons' share withholding tax	956	615	824		
Cantons' share mineral oil tax	350	363	365		
Cantons' share spirits tax	-	24	25		
Cantons' share heavy vehicle charge	529	525	523		
Cantons' share military service exemption tax	35	36	34		
VAT percent for AHV	2 369	2 423	2 408		
VAT supplement for IV	1 142	250	244		
Casino tax for AHV	272	274	274		
<b>Ordinary expenditure excl. transitory items</b>	<b>59 001</b>	<b>62 833</b>	<b>62 039</b>	<b>3 038</b>	<b>5.1</b>
<b>Expenditure ratio (% GDP)</b>					
incl. transitory items	10.2	10.3	10.2		
excl. transitory items	8.8	9.1	9.0		

The figures for 2017 were adjusted (see section B 72).



## 22 DEBT BRAKE

Due to the improved economic situation, the debt brake required a surplus of 368 million for 2018 according to the recalculation. This requirement was clearly exceeded. The cyclically adjusted or structural surplus amounted to 2.6 billion.

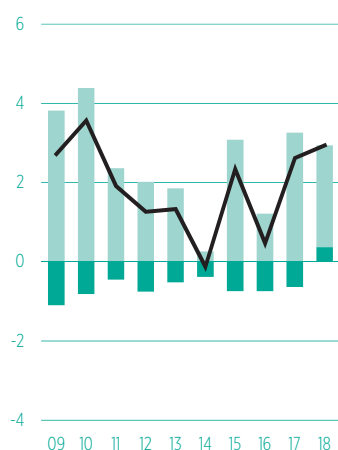
### DEBT BRAKE REQUIREMENTS

CHF mn	FS 2017	Bdg. 2018	FS 2018	Δ 2017-18	
				absolute	%
1 Total receipts	71 035	71 322	73 603	2 568	3.6
2 Extraordinary receipts	177	-	90		
3 Ordinary receipts [3=1-2]	70 857	71 322	73 512	2 655	3.7
4 Cyclical factor	1.009	1.002	0.995		
5 Expenditure ceiling (Art. 13 FBA) [5=3x4]	71 495	71 465	73 145	1 650	2.3
6 Surplus/deficit required/permitted cyclically [6=3-5]	-638	-143	368		
7 Extraordinary expenditure (Art. 15 FBA)	-	-	-		
8 Expenditure ceiling reduction (Art. 17 FBA, compensation account shortfall)	-	-	-		
9 Expenditure ceiling reduction (Art. 17b FBA, amortization account shortfall)	-	-	-		
10 Expenditure ceiling reduction (Art. 17c FBA, precautionary savings)	-	-	-		
11 Maximum admissible expenditure [11=5+7-8-9-10]	71 495	71 465	73 145	1 650	2.3
12 Total expenditure according to FS/budget	68 236	71 027	70 574	2 338	3.4
13 Deviation (Art. 16 FBA) [13=11-12]	3 258	437	2 571		

The figures for 2017 were adjusted (see section B 72).

### THE FEDERAL BUDGET FROM A DEBT BRAKE VIEWPOINT

in bn



■ Structural balance  
■ Cyclical balance  
— Ordinary fiscal balance

Due to the buoyant economy, the debt brake required a cyclical surplus in 2018. The cyclically adjusted or structural surplus was not as high as the previous year.

The Confederation's debt brake aims to keep the level of debt at least constant over an economic cycle. An expenditure ceiling corresponding to the estimated cyclically adjusted receipts is specified in the budget for this purpose. Compliance with the debt brake stipulations is checked when the financial statements are being prepared. Deviations are captured in the compensation account.

### DEBT BRAKE COMPLIANCE

Economic growth exceeded the expectations underlying the budget in 2018. Instead of having minor capacity underutilization, the Swiss economy operated above its capacity limit. The debt brake defines the economic fiscal leeway based on capacity utilization, which is measured with the cyclical factor ("k factor"). A k factor of 1.002 was expected when budgeting, which corresponds to economic capacity underutilization. Consequently, a cyclical deficit of 143 million would have been permissible.

The economic figures now available imply a cyclical factor of less than 1 (0.995). Consequently, a cyclical budget surplus is required. Based on the receipts realized, it is 368 million, or 511 million more than budgeted.

At 2.9 billion, the balance of the ordinary budget significantly exceeded the surplus required cyclically. The difference of 368 million between the ordinary balance and the cyclical effect is to be credited to the compensation account. In this regard, the compensation account acts as the debt brake “memory”. It shows the sum of structural surpluses since 2007. The compensation account adjustment for 2017 shown in the table is the result of withholding tax accounting errors (see section B 72).

### COMPENSATION ACCOUNT BALANCE

CHF mn	FS 2017	FS 2018
14 Compensation account balance at 31.12. of preceding year	21 634	24 892
15 Expenditure ceiling reduction (Art. 17b FBA, amortization account shortfall) [=8]	-	-
16 Deviation (Art. 16 FBA) before correction	3 439	2 571
17 Compensation account balance at 31.12. [17=14+15+16]	25 073	27 463
Compensation account adjustment end 2017	-181	
Compensation account balance at 31.12.2017 incl. adjustment	24 892	

### EXTRAORDINARY RECEIPTS AND AMORTIZATION ACCOUNT

The debt brake makes a distinction between the ordinary and extraordinary budget. Extraordinary receipts and expenditure are carried separately so that one-time spikes in receipts and expenditure do not affect the proper performance of tasks. Extraordinary transactions are recognized in the amortization account. In 2018, the repayment of unduly received subsidies by PostAuto AG was recognized as extraordinary receipts of 90 million. The amortization account's balance thus rose to 2.9 billion.

### EXTRAORDINARY BUDGET

CHF mn	FS 2017	FS 2018
Extraordinary receipts	177	90
E190.0103 e.o. revenue Swissair	78	0
E190.0105 e.o. revenue fines	99	-
E190.0106 e.o. repayment PostAuto	-	90
Extraordinary expenditure	-	-

### AMORTIZATION ACCOUNT BALANCE

CHF mn	FS 2017	FS 2018	Δ 2017-18	
			absolute	%
18 Amortization account balance at 31.12. of preceding year	2 603	2 781		
19 Extraordinary expenditure (Art. 17a FBA)	-	-		
20 Extraordinary receipts (Art. 17a FBA)	177	90		
21 Expenditure ceiling reduction (Art. 17b FBA, amortization account shortfall) [=9]	-	-		
22 Expenditure ceiling reduction (Art. 17c FBA, precautionary savings) [=10]	-	-		
23 Amortization account balance at 31.12. [23=18-19+20+21+22]	2 781	2 871	90	3.2

## 23 STATEMENT OF FINANCIAL PERFORMANCE

The statement of financial performance ended with a revenue surplus of 5.7 billion. Primarily the operating result and unrealized gains on financial interests contributed to that.

### STATEMENT OF FINANCIAL PERFORMANCE RESULT

CHF mn	FS	Bdg.	FS	Δ 2017-18	
	2017	2018	2018	absolute	%
<b>Surplus/deficit</b>	<b>4 403</b>	<b>911</b>	<b>5 701</b>		
Operating result	2 692	944	4 119		
Operating revenue	69 483	69 345	71 817	2 334	3.4
Operating expenses	66 791	68 401	67 698	908	1.4
Financial result	-1 040	-861	-818		
Result from interests	2 750	828	2 400		

The figures for 2017 were adjusted (see section B 72).

*Relative to the budget*, the result for the year was 4.8 billion higher. This was attributable mainly to the operating result (+3.2 bn) and the result from financial interests (+1.6 bn). The financial result deviated only marginally from the budgeted figure.

*Relative to the previous year*, the surplus for the year was 1.3 billion higher, which can be explained primarily by the sharp increase in the operating result (+1.4 bn). Operating revenue rose by 2.3 billion. This was mainly attributable to the increase in direct federal taxes and the first-time collection of revenue from the grid supplement fund. In contrast, operating expenses rose only moderately (+0.9 bn; +1.4%). This increase was largely attributable to value adjustments in the transfer area, which were up by 1.2 billion mainly because of the 100% value adjusted deposit in the grid supplement fund. The financial result and the result from financial interests changed marginally year on year (+0.2 bn, or -0.4 bn).

*Compared with the financing statement*, the statement of financial performance was 2.7 billion higher. This difference was due primarily to unrealized gains on financial interests. Coming in at 2.4 billion, the increase in the Confederation's equity share (equity value) was stronger than the distributions to the Confederation (0.8 bn according to the financing statement). For details, see section B 84, "Financing statement versus statement of financial performance".

## 24 STATEMENT OF INVESTMENTS

Federal investments grew vigorously in 2018 as a result of the introduction of the motorway and urban transportation fund and the grid supplement fund (GrSF). Expenditure on road infrastructure and the promotion of renewable energies thus increased.

### STATEMENT OF INVESTMENTS

CHF mn	FS 2017	Bdg. 2018	FS 2018	Δ 2017-18	
				absolute	%
<b>Statement of investments balance</b>	<b>-7 669</b>	<b>-9 792</b>	<b>-9 651</b>		
Ordinary statement of investments balance	-7 748	-9 792	-9 652		
Investment receipts	648	1 293	1 270	622	95.9
Investment expenditure	8 396	11 086	10 921	2 525	30.1
Extraordinary investment receipts	78	-	0		
Extraordinary investment expenditure	-	-	-		

The figures for 2017 were adjusted (see section B 72).

The federal statement of investments includes the expenditure incurred for the accumulation of assets which the Confederation requires for the performance of functions and are used over successive periods (administrative assets). This expenditure also includes deposits in transportation funds (RIF, motorway and urban transportation fund) and the grid supplement fund (GrSF). Proprietary investments account for just over a third of investments (especially motorways, defense equipment and buildings), and transfers account for just under two thirds (mainly investment contributions).

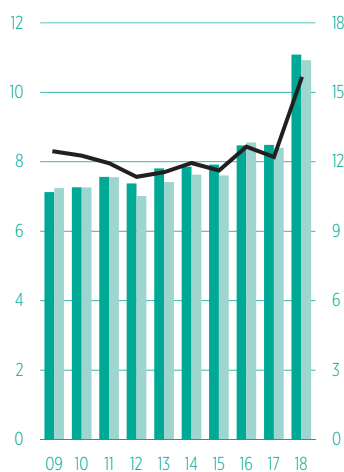
Investment receipts arise primarily from the cantons' investment contributions of 500 million to the railway infrastructure fund (RIF), the sale of tangible fixed assets and repayments of investment contributions and loans.

*Investment receipts* were up by 622 million on 2017. This was due to the combination of the budget-neutral conversion of the federal loan to SIFEM into share capital (+374 mn) and the release of the former infrastructure fund's reserves, which generated one-time receipts (200 mn).

*Investment expenditure* growth was attributable particularly to the first-time deposits in the grid supplement fund for the promotion of renewable energies (1.3 bn) and in the motorway and urban transportation fund (1.1 bn). The grid supplement and the corresponding fund deposits were recognized in the federal financial statements for the first time in 2018. The financing of road infrastructure has been reorganized with the motorway and urban transportation fund, which replaced the previous infrastructure fund in 2018. Further information can be found in section D, "Separate accounts and grid supplement fund".

### DEVELOPMENT OF INVESTMENT EXPENDITURE

in bn and %



- Bdg. in CHF bn (lhs)
- Fin. stmt. in CHF bn (lhs)
- Fin. stmt. in % of ordinary expenditure (rhs)

The proportion of federal expenditure accounted for by investments surged to 15.6% in 2018. This was due to higher fund deposits for the promotion of renewable energies (grid supplement fund) and for road infrastructure (motorway and urban transportation fund).

## 25 CASH FLOW STATEMENT

The 8.5 billion cash inflow from operating activities was used largely for debt reduction.

### CASH FLOW STATEMENT

CHF mn	FS	FS	Δ 2017-18	
	2017	2018	absolute	%
<b>Total cash flow</b>	<b>7 706</b>	<b>1 055</b>	<b>-6 651</b>	<b>-86.3</b>
Cash flow from operating activities	11 604	8 456	-3 148	-27.1
Cash flow from investing activities	-2 669	-1 702	966	36.2
Cash flow from financing activities	-1 230	-5 699	-4 469	-363.5

The figures for 2017 were adjusted (see section B 72).

The *cash inflow from operating activities* remained high in 2018, but the record level seen in 2017 was not reached. The high cash inflows from taxes nevertheless continued. It should be noted in this regard that much of the withholding tax receipts stay with the Confederation only temporarily. The anticipated refund claims increased further in the year under review (accrued expenses and deferred income and withholding tax provision), but this is not yet reflected in the cash flow. The operating cash flow was lower than the previous year for two main reasons. First, current liabilities (particularly toward taxpayers and cantons) remained more or less stable after having surged in 2017. As a result, the cash flow was down year on year (-2.5 bn). Second, the investment contributions paid to third parties were up by 1 billion in net terms.

Coming in at 1.7 billion, the *cash outflow from investing activities* was down on the previous year. Investments in the Confederation's infrastructure assets rose to 3.8 billion, resulting in a corresponding outflow of funds. At the same time, however, financial investments decreased, as some loans under non-administrative assets were repaid (+1.4 bn; particularly ALV and RIF). Moreover, the integration of the grid supplement fund into the federal budget led to a one-time inflow in the amount of the fund assets (+0.6 bn).

The *cash outflow from financing activities* reflects the reduction in financial liabilities and thus the reduction in debt.

Overall, liquid assets increased by 1 billion despite the reduction in debt, as shown by the total in the cash flow statement and the cash fund statement.

### CASH FUND STATEMENT

CHF mn	FS	FS	Δ 2017-18	
	2017	2018	absolute	%
Cash at 01.01.	6 904	14 610	7 706	111.6
Cash at 31.12.	14 610	15 665	1 055	7.2

## 26 STATEMENT OF FINANCIAL POSITION

Net assets/equity increased by 6.7 billion in the year under review. This was due to the surplus of 5.7 billion in the statement of financial performance and the transactions recognized directly in net assets/equity.

### STATEMENT OF FINANCIAL POSITION

CHF mn	FS		Δ 2017-18	
	2017	2018	absolute	%
Assets	162 439	167 208	4 769	2.9
Non-administrative assets	36 502	36 974	473	1.3
Administrative assets	125 937	130 233	4 296	3.4
<b>Liabilities and equity</b>	<b>162 439</b>	<b>167 208</b>	<b>4 769</b>	<b>2.9</b>
Short-term liabilities	43 004	41 859	-1 145	-2.7
Long-term liabilities	99 005	98 229	-776	-0.8
Net assets/equity	20 430	27 119	6 689	32.7
Restricted funds in net assets/equity	7 350	6 837	-514	-7.0
Reserves from global budget	172	181	9	5.3
Accumulated surplus	12 908	20 102	7 193	55.7

The figures for 2017 were adjusted (see section B 72).

The amount of *non-administrative assets* remained relatively stable year on year (+0.5 bn). While loans decreased by 1.4 billion in net terms due to ALV and RIF repayments, liquid assets and receivables increased by around 1 billion each.

The 4.3 billion increase in *administrative assets* was attributable mainly to the higher valuation of financial interests (+4.1 bn). This includes the financial interest result (+2.4 bn) less profit distributions received (-0.8 bn), as well as the lower employee retirement benefits of federal companies (+2.1 bn). The latter are recognized directly in net assets/equity without affecting the statement of financial performance.

*Liabilities* fell by a total of 1.9 billion. While financial liabilities declined, the remaining liabilities rose.

- Amounts due in respect of bonds (-5.0 bn) and money market paper (-1.2 bn) decreased because of redemptions.
- The increase in provisions (+0.8 bn) and accrued expenses and deferred income (+0.7 bn) was due largely to withholding tax.
- The Confederation's employee retirement benefits rose (+0.8 bn) primarily because of the below-average investment performance in 2018.
- The higher liabilities toward restricted funds (+0.9 bn) were caused by the integration of the grid supplement fund into the federal financial statements.
- Liabilities toward separate accounts increased as a result of the higher deposit in the motorway and urban transportation fund (+0.7 bn).

*Net assets/equity* rose by 6.7 billion. The increase was driven by the result in the statement of financial performance (+5.7 bn) and the items that were recognized directly in net assets/equity (+1.0 bn). The latter were largely attributable to the revaluation of the Confederation's employee retirement benefits and financial interests. The items recognized directly in net assets/equity can be seen in the statement of net assets/equity (see section B 6).

## 27 DEBT

Gross debt was reduced by 5.8 billion in the year under review. At the end of 2018, it still amounted to 99.4 billion, or 14% of Switzerland's economic output.

### DEVELOPMENT OF FEDERAL DEBT

CHF mn	FS	FS	Δ 2017-18	
	2017	2018	absolute	%
<b>Gross debt</b>	105 242	99 407	-5 835	-5.5
Current liabilities	13 418	13 634	216	1.6
Short-term financial liabilities	23 626	21 543	-2 083	-8.8
Long-term financial liabilities	68 198	64 229	-3 969	-5.8
<b>Net debt</b>	<b>69 025</b>	<b>63 011</b>	<b>-6 015</b>	<b>-8.7</b>
Gross debt	105 242	99 407	-5 835	-5.5
less:				
Cash and cash equivalents	14 610	15 665	1 055	7.2
Receivables	5 847	6 473	626	10.7
Short-term financial investments	3 562	2 382	-1 180	-33.1
Long-term financial investments	12 198	11 876	-322	-2.6

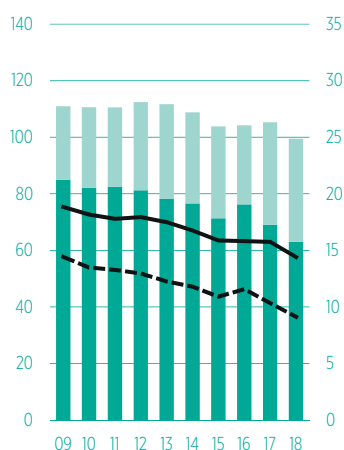
The figures for 2017 were adjusted (see section B 72).

*Gross debt* comprises current liabilities as well as short- and long-term financial liabilities. The 5.8 billion reduction in gross debt was due mainly to the decrease in bonds (-5.0 bn) and money market debt register claims (-1.2 bn). A bond with a face value of 6.8 billion matured in 2018. In view of the high inflow of funds, maturing debt instruments were only partly replaced.

*Net debt* is defined as gross debt less non-administrative assets. Non-administrative assets could be used to repay debt if necessary. Net debt declined by 6.0 billion in the year under review. Aside from the reduction in gross debt, non-administrative assets increased slightly (+0.2 bn) despite the redemption of debt instruments. This was due not only to the high tax receipts, but also to the integration of the grid supplement fund into the federal financial statements. The net inflow of funds associated with this amounted to 0.8 billion. For details, see section B 72.

### DEBT AND DEBT RATIO

in bn and %



- Net debt in bn (lhs)
- Gross debt in bn (lhs)
- Gross debt ratio in % of GDP (rhs)
- - Net debt ratio in % of GDP (rhs)

Gross debt fell by 5.8 billion in 2018. The gross debt ratio and net debt ratio reached 14.4% and 9.1% of GDP, respectively.

## 28 INDICATORS

The most significant changes in the Confederation's indicators in 2018 concerned the decline in the debt ratio, as well as the increase in the proportion of investment and in the proportion of restricted tax receipts.

### FEDERAL INDICATORS

In %	FS 2013	FS 2014	FS 2015	FS 2016	FS 2017	FS 2018
<b>Expenditure ratio</b>	10.0	9.9	10.0	10.2	10.2	10.2
<i>Ordinary expenditure (in % of nom. GDP)</i>						
<b>Tax ratio</b>	9.5	9.3	9.7	9.6	9.9	9.9
<i>Ordinary tax receipts (in % of nom. GDP)</i>						
<b>Receipt ratio</b>	10.2	9.8	10.3	10.2	10.6	10.7
<i>Ordinary receipts (in % of nom. GDP)</i>						
<b>Deficit/surplus ratio</b>	+ 0.2	- 0.0	+ 0.4	+ 0.1	+ 0.4	+ 0.4
<i>Ordinary fiscal balance (in % of nom. GDP)</i>						
<b>Gross debt ratio</b>	17.5	16.7	15.9	15.8	15.7	14.4
<i>Gross debt (in % of nom. GDP)</i>						
<b>Net debt ratio</b>	12.2	11.8	10.9	11.6	10.3	9.1
<i>Debt less non-administrative assets (in % of nom. GDP)</i>						
<b>Net interest burden</b>	2.9	2.6	1.6	2.1	1.6	1.2
<i>Net interest expenditure (in % of ordinary receipts)</i>						
<b>Proportion of investment</b>	11.5	11.9	11.6	12.6	12.2	15.6
<i>Investment expenditure (in % of ordinary expenditure)</i>						
<b>Proportion of transfers</b>	75.9	76.7	77.5	77.8	78.5	77.9
<i>Transfer expenditure (in % of ordinary expenditure)</i>						
<b>Share in restricted taxes</b>	22.1	22.3	21.0	21.6	20.9	22.1
<i>Restricted taxes (in % of ordinary tax receipts)</i>						
<b>Average FTE</b>	33 892	34 772	34 935	34 914	36 946	36 522
<i>Full-time equivalents (FTEs)</i>						
<b>Supplementary credits</b>	0.8	0.5	0.6	0.8	0.4	0.1
<i>Supplementary credits (in % of budget)</i>						
<b>Credit underruns</b>	-3.4	-4.4	-4.0	-3.1	-2.0	-2.0
<i>Credit underruns (in % of budget)</i>						

The figures for 2017 were adjusted (see section B 72).

### EXPENDITURE RATIO

In 2018, ordinary expenditure grew by 3.4% and nominal GDP by 3.2%. The 2018 expenditure ratio was identical to that of the previous year (10.2%). The expenditure ratio is a summary indicator of the extent of the Confederation's activity in relation to the economy.

### TAX RATIO AND RECEIPT RATIO

Ordinary tax receipts grew by 2.8% in 2018, which was below the nominal GDP growth rate. The tax ratio was 9.9%.

With an increase of 3.7%, ordinary receipts had more momentum than nominal GDP in 2018. This trend was influenced by the integration of the grid supplement and the conversion of the loan granted to SIFEM AG into share capital. The receipt ratio rose to 10.7%.



**DEFICIT/SURPLUS RATIO**

Fiscal 2018 ended with an ordinary surplus of 2.9 billion for the Confederation, which was around 300 million higher than that of the previous year. The surplus ratio was 0.4%, the same as in 2017.

**GROSS AND NET DEBT RATIOS**

The Confederation's gross debt fell by 5.8 billion relative to 2017. In view of nominal GDP growth, the gross debt ratio decreased to 14.4% in 2018. Such a low value had not been seen since 1992 (14.5%). This ratio includes the Confederation's gross debt in accordance with the EU criteria defined in connection with the Maastricht Treaty. The net debt ratio was 9.1% in 2018.

**NET INTEREST EXPENSE**

Net interest expense as a percentage of ordinary receipts went from 1.6% in 2017 to 1.2% in 2018. The Confederation thus had to devote 1.2% of its receipts to net interest financing.

**PROPORTION OF INVESTMENT**

In 2018, investment expenditure surged by 2.7 billion year on year. This was due to the integration of the grid supplement and the motorway and urban transportation fund. The proportion of investment thus went from 12.2% in 2017 to 15.6% in 2018 (see section A 24).

**TRANSFER RATIO**

In 2018, transfer expenditure increased by 1.4 billion, representing an increase of 2.6%. As expenditure increased by 3.4%, the transfer ratio declined to 77.9%. The Confederation's total transfer expenditure amounted to 55 billion in 2018; around 90% of this was current expenditure and 10% was investment expenditure.

**PROPORTION OF RESTRICTED TAX RECEIPTS**

Restricted tax receipts grew at a much faster pace than tax receipts (8.5% vs. 2.8%), particularly given the integration of the grid supplement, which is entirely restricted (1.1 bn). This explains why this proportion rose to 22.1% in 2018. Further information on restricted funds can be found in section B 82/34.

**AVERAGE WORKFORCE (FTE)**

In 2018, the number of full-time equivalents (FTEs) in the Federal Administration decreased by 424 FTEs. This was due primarily to personnel restructuring as part of the development of the Armed Forces (DEVA). The sharp increase in 2017 can be explained by the fact that approximately 2,200 FTEs were recognized under personnel expenses for the first time.

**SUPPLEMENTARY CREDITS IN % OF THE BUDGET**

In 2018, supplementary credits amounted to 0.1% of the budgeted expenditure. This percentage was much lower than its average of 0.4% for the last seven years (Ø 2011-2017).

**UNUTILIZED CREDITS IN % OF BUDGET**

The share of unutilized credits in the budgeted expenditure was 2.0% in 2018, which was below its average for the last ten years (Ø 2008-2017: -3.7%). This can be explained in particular by the fact that, since 2017, the interest payable estimate has become more precise due to a new accounting practice whereby premiums are spread over the entire term of bonds in the financing statement.

## INTERNATIONAL COMPARISON

When compared internationally, the Swiss public finance indicators (Confederation, cantons, communes and social insurance) are among the lowest. Healthy public finances constitute an important locational advantage.

The tax-to-GDP ratio, which measures total tax receipts (tax and social insurance charges) in relation to GDP, amounted to 28.5% in 2017 according to the initial results. The ratio is likely to have reached 27.8% in 2018, thereby staying below the 30% mark.

Coming in at 32.7%, Switzerland's general government expenditure ratio, defined as government expenditure in relation to GDP, remained one of the lowest in the OECD area in 2018.

The overall fiscal balance of 5.3 billion resulted in a surplus ratio of 0.8%. Consequently, Switzerland was one of the few countries, together with Norway, Germany and Sweden, to have posted a surplus in 2018.

Government debt remained low by international standards both with reference to the Maastricht definition and in terms of liabilities. Coming in at 28.1%, the debt ratio was still significantly below the 60% mark which is important for the euro area (see chart).

The OECD data and estimates (Economic Outlook 104, November 2018 and Revenue Statistics, December 2018) are used for international comparisons of public finances. The information for Switzerland is based on the data and estimates of the Federal Finance Administration's Financial Statistics Section (as of September 6, 2018).

## INTERNATIONAL COMPARISON OF PUBLIC FINANCE INDICATORS FOR 2018

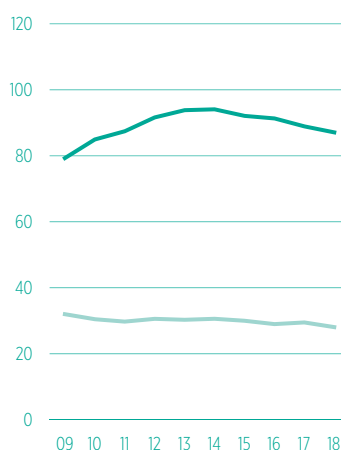
in % of GDP	Tax-to-GDP ratio	General government expenditure ratio	Deficit/surplus ratio	Debt ratio	Gross debt ratio
Switzerland	28.5	32.7	0.8	28.1	40.7
EU - euro area	n.d.	46.8	-0.7	87.1	103.5
Germany	37.5	43.9	1.6	60.5	68.1
France	46.2	56.2	-2.7	99.1	125.0
Italy	42.4	48.8	-1.8	130.5	153.3
Austria	41.8	48.0	-0.1	76.1	97.3
Belgium	44.6	51.6	-1.0	101.6	120.2
Netherlands	38.8	41.6	0.9	54.2	67.2
Norway	38.2	48.6	5.3	n.d.	59.1
Sweden	44.0	49.0	1.2	37.2	46.7
United Kingdom	33.3	40.0	-1.3	87.3	115.6
United States	27.1	37.8	-6.6	n.d.	106.8
Canada	32.2	40.3	-0.9	n.d.	93.0
OECD Ø	34.2	40.1	-2.9	n.d.	110.7

Notes:

- Debt ratio: debt in accordance with the Maastricht definition
- Gross debt ratio: debt in accordance with the IMF definition (liabilities without financial derivatives)
- Tax-to-GDP ratio: based on figures for 2017

## SWISS AND EURO AREA DEBT RATIOS

in % of GDP



- Euro area debt ratio
- Swiss debt ratio

Switzerland's debt ratio is far below the 60% mark which is relevant for the euro area. The rise in government debt as a result of the financial crisis has been partly reversed in the euro area in recent years.

### 3 DEVELOPMENT OF RECEIPTS AND EXPENDITURE

#### 31 DEVELOPMENT OF RECEIPTS

In 2018, ordinary receipts were up by 3.7%, or 2.7 billion, on the previous year. This increase was influenced mainly by the rise in direct federal tax receipts (+1.5 bn) and the integration of the grid supplement (+1.1 bn).

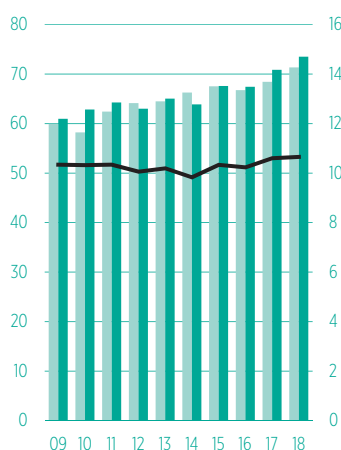
#### DEVELOPMENT OF RECEIPTS

CHF mn	FS 2017	Bdg. 2018	FS 2018	Δ FS18 at		
				FS17 absolute	FS17 %	
<b>Ordinary receipts</b>	<b>70 857</b>	<b>71 322</b>	<b>73 512</b>	<b>2 655</b>	<b>3.7</b>	<b>2 190</b>
Tax receipts	66 269	66 032	68 121	1 851	2.8	2 088
Direct federal tax natural persons	10 332	10 947	11 157	824	8.0	210
Direct federal tax legal entities	10 612	10 560	11 289	677	6.4	729
Withholding tax	8 010	6 180	7 747	-263	-3.3	1 567
Stamp duty	2 434	2 360	2 117	-318	-13.1	-243
Value added tax	22 902	22 725	22 644	-259	-1.1	-81
Other consumption taxes	6 847	8 035	8 072	1 226	17.9	38
Misc. tax receipts	5 131	5 226	5 095	-36	-0.7	-131
<b>Nontax receipts</b>	<b>4 588</b>	<b>5 290</b>	<b>5 392</b>	<b>804</b>	<b>17.5</b>	<b>102</b>

The figures for 2017 were adjusted (see section B 72).

#### DEVELOPMENT OF ORDINARY RECEIPTS

in bn and % of GDP



■ Fin. stmt. in CHF bn (lhs)  
■ Bdg. in CHF bn (lhs)  
— Bdg. in % of GDP (rhs)

In 2018, ordinary receipts increased by 3.7%, and their percentage of GDP remained at 10.6%. The budget has been exceeded over the past three years.

In 2018, ordinary receipts increased by 3.7% (+2.7 bn), due primarily to the rise in direct federal tax receipts (+1.5 bn) and the integration of the grid supplement (+1.1 bn). In contrast, there was a decline in the receipts from the other major taxes, particularly VAT, withholding tax and stamp duty. In terms of details, the following can be observed:

- Regarding *taxes on the income of natural persons*, receipts rose by 8.0% in 2018 (+824 mn). This can be explained primarily by the improvement in the economic situation in 2017.
- Receipts from *taxes on the net revenue of legal entities* rose by 6.4% to 11.3 billion in 2018. This growth was influenced by the combination of the economic upturn and the rise in company margins, which had fallen in 2015, and the increase in advance payments. Despite the interest rate for advance payments being cut from 0.25% to 0.0% in 2017, they rose again to a record level of nearly 2 billion in 2018.
- *Withholding tax* receipts fell by 3.3% year on year. Although incoming payments were up by 8%, their rise was more than offset by the surge in refunds (+18.5%).
- After having soared in 2017, *stamp duty* receipts decreased by 13.1% in 2018. This was due chiefly to low stock market activity, which triggered a decline in transfer stamp tax receipts.
- *Value added tax (VAT)* receipts were down by 1.1%, or 259 million. This can be explained mainly by the fact that VAT rates were reduced from 8.0% to 7.7% between 2017 and 2018. Moreover, import tax was down in the last months of 2018. The catch-up effect associated with the reduction in input tax deductions and the resulting increase in VAT receipts collected in Switzerland will probably occur in 2019. Finally, the implementation of a new IT system delayed the dispatch of some statements.
- Concerning *other consumption taxes*, the surge in receipts (+17.9%) was driven mainly by the integration of two new receipt categories in 2018: the grid supplement (1.1 bn) and spirits tax (292 mn). As the Swiss Alcohol Board's net profit was recognized by the Confederation with a one-year time lag, a double amount was recorded for spirits tax receipts in 2018, which was a transition year.

- Royalties and concessions, financial receipts, other current receipts and investment receipts are recognized under *nontax receipts*. Their relatively significant increase of 17.5% was attributable mainly to the conversion of the loan granted to SIFEM AG (374 mn) into share capital. Moreover, sums from the infrastructure fund were returned to the Confederation (200 mn).

### COMPARISON OF GDP AND RECEIPT TRENDS

Experience shows that the Confederation's total receipts develop in proportion to nominal GDP in the long term. However, in order to compare the trend of receipts with that of GDP, it is necessary to take account of both structural breaks such as tax rate changes, for example, and the volatility of withholding tax. These effects are presented in the table below.

In net terms, special factors amounted to 1.4 billion in 2017 and 1.6 billion in 2018. After adjusting for special factors, receipts posted an increase of 3.5% between 2017 and 2018, which was pretty close to nominal GDP growth (3.2%).

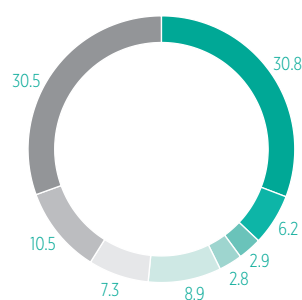
### FACTORS TAKEN INTO ACCOUNT WHEN ADJUSTING THE DEVELOPMENT OF RECEIPTS

CHF mn	FS 2017	FS 2018	Δ absolute	Δ 2017-18 %
<b>Ordinary receipts</b>	<b>70 857</b>	<b>73 512</b>	<b>2 655</b>	<b>3.7</b>
Factors (increase and decrease in receipts)	1 415	1 637		
VAT: reduction in tax rates	-	-662		
VAT: returns submitted late	-	-150		
Mineral oil tax: CO <sub>2</sub> Act emission regulations	-101	-50		
Mineral oil tax: biogenic fuel compensation	-	-50		
Integration of spirits tax	-	292		
Integration of grid supplement	-	1 051		
Withholding tax: deviation from the trend	1 516	632		
Nontax receipts: SIFEM AG capital conversion	-	374		
Nontax receipts: infrastructure fund refund	-	200		
<b>Adjusted ordinary receipts (excl. factors)</b>	<b>69 442</b>	<b>71 875</b>	<b>2 433</b>	<b>3.5</b>

The figures for 2017 were adjusted (see section B 72).

### 2018 RECEIPTS

Shares in %



- Value added tax 22 644 mn
- Mineral oil tax 4 578 mn
- Stamp duty 2 117 mn
- Tobacco duty 2 081 mn
- Other tax receipts 6 508 mn
- Nontax receipts 5 392 mn
- Withholding tax 7 747 mn
- Direct federal tax 22 446 mn

Value added tax and direct federal tax are the main sources of receipts. In 2018, they together accounted for 61.3% of total receipts.

### QUALITY OF ESTIMATES

Ordinary receipts were 3.1% (2.2 bn) higher than the budgeted level in 2018. This discrepancy was attributable primarily to the estimate for receipts from taxes on the net revenue of legal entities and withholding tax receipts. An important aspect of the quality of estimates is that forecasting errors offset one another over time. Since the introduction of the debt brake in 2003, the average forecasting error has been 1.8%. Excluding withholding tax, the average forecasting error is even reduced to 0.4%. A detailed analysis of the quality of estimates is provided in section A 79.

## 32 DEVELOPMENT OF EXPENDITURE BY TASK AREA

The creation of the motorway and urban transportation fund and the grid supplement fund resulted in a sharp increase in expenditure, which was dampened by the expiration of the IV supplementary financing.

### DEVELOPMENT OF EXPENDITURE BY TASK AREA

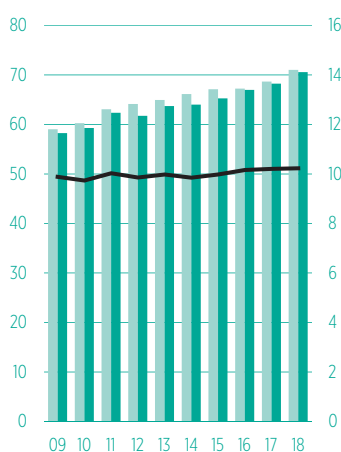
CHF mn	FS 2017	Bdg. 2018	FS 2018	Δ FS18 at		
				FS17 absolute	Bdg.18 absolute	
<b>Expenditure by task area</b>	<b>68 236</b>	<b>71 027</b>	<b>70 574</b>	<b>2 338</b>	<b>3.4</b>	<b>-453</b>
Social welfare	22 908	22 720	22 328	-580	-2.5	-392
Transportation	9 053	10 115	10 393	1 340	14.8	278
Finances and taxes	9 952	9 501	9 887	-65	-0.7	386
Education and research	7 573	7 785	7 714	141	1.9	-72
Security	5 592	5 837	5 570	-22	-0.4	-267
International relations - international cooperation	3 529	3 921	3 771	242	6.8	-150
Agriculture and food	3 652	3 656	3 640	-12	-0.3	-17
Other task areas	5 978	7 492	7 273	1 294	21.6	-220

The figures for 2017 were adjusted (see section B 72).

Federal expenditure grew by 2.3 billion to 70.6 billion (+3.4%) year on year. The 2018 financial statements were impacted by numerous special factors. The most significant growth factors were the creation of the motorway and urban transportation fund (transportation) and the integration of the grid supplement fund into the federal budget (other task areas). The budget-neutral conversion of SIFEM AG loans into net assets/equity also led to a one-time increase in expenditure (and receipts) of 0.4 billion each in 2018. Furthermore, the redistribution of the CO<sub>2</sub> tax was 0.4 billion higher. In contrast, relief was provided by the expiration of the IV supplementary financing (-0.9 bn). Moreover, no more payments had to be made for sureties in the area of oceangoing vessels (-0.2 bn).

### DEVELOPMENT OF ORDINARY EXPENDITURE

in bn and % of GDP



■ Fin. stmt. in CHF bn (lhs)  
■ Bdg. in CHF bn (lhs)  
— Fin. stmt. in % of GDP (rhs)

Coming in at 3.4%, federal expenditure growth slightly outpaced nominal GDP growth (+3.2%). However, the expenditure ratio remained unchanged at 10.2% of GDP.

### SOCIAL WELFARE

Social welfare covers in particular social insurance contributions, benefits for the cantons in the social welfare area and expenditure for the area of asylum and foreign nationals. The year-on-year decline in expenditure can be explained by the expiration of the IV supplementary financing (-0.9 bn). Expenditure on military insurance, unemployment insurance, family policy and the promotion of housing construction likewise fell (-46 mn in total). In contrast, there was an increase in expenditure on old-age and survivors' insurance (+217 mn), health insurance (premium reduction), supplementary benefits (+41 mn and +43 mn, respectively) and the area of asylum and foreign nationals (+90 mn).

### TRANSPORTATION

The development of transportation expenditure was heavily influenced by the introduction of the motorway and urban transportation fund: road transportation expenditure was up by 1.2 billion as a result of the desired increase in investment in road infrastructure. 178 million more was spent on public transportation and rail transportation than the previous year; the lion's share of the increase went to the railway infrastructure fund. Expenditure on air transportation was down by 45 million.

**FINANCES AND TAXES**

The finances and taxes task area comprises the shares of third parties (particularly cantons) in the Confederation's receipts, and expenditure for funding and asset management (primarily interest payable) and fiscal equalization. Debt interest expenditure declined once again as a result of the persistently low interest rates and falling debt burden (-263 mn). The third parties' shares of federal receipts were 139 million higher than the previous year: the cantons benefited from the strong development of direct federal tax, while withholding tax receipts (and thus the cantons' share) declined. Fiscal equalization expenditure was also higher than the previous year (+59 mn).

**EDUCATION AND RESEARCH**

In 2018, the Confederation spent 141 million more on education and research than the previous year. The growth hotspots were EU research (+54 mn), vocational education (+38 mn), contributions to cantonal universities and universities of applied sciences (+35 mn) and contributions to research promotion institutions (+28 mn). Expenditure for the ETH Domain, i.e. financing contribution and construction investments, stagnated (+4 mn).

**SECURITY**

The security task area covers mainly the expenditure for military defense, border controls, the Confederation's police tasks and civil protection. The year-on-year decline was attributable to the fact that the expenditure of the Office of the Attorney General of Switzerland (50 mn) is shown under other task areas from the 2018 financial statements onward due to the creation of the new security task area. Excluding this effect, security posted an increase of 28 million, primarily in the police, prison system and intelligence area. Military defense expenditure, which accounts for around 80% of the task area, remained virtually constant (-5 mn). 3 million less was spent on civil protection and civilian service than the previous year, and 8 million more was spent on border controls.

**INTERNATIONAL RELATIONS – INTERNATIONAL COOPERATION**

In this task area, development cooperation accounts for around three quarters of expenditure, while around 20% of expenditure goes to political relations (foreign representations, central offices in Bern, contributions to international organizations) and the remainder to economic relations (primarily EU enlargement contribution). 50 million more was spent on political relations than the previous year, due mainly to higher construction and renovation loans in favor of international organizations in Geneva. Development assistance expenditure (+326 mn) surged because of the budget-neutral conversion of SIFEM AG loans into net assets/equity (374 mn); excluding this one-time effect, expenditure decreased by 48 million. Economic relations expenditure plunged because of the expiration of the EU enlargement contribution (-135 mn).

**AGRICULTURE AND FOOD**

Agriculture expenditure edged down (-12 mn), due primarily to less demand for agriculture family allowances.

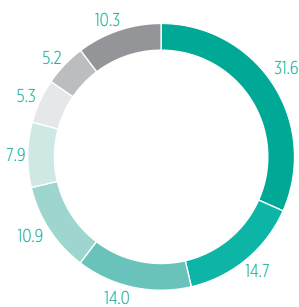
**OTHER TASK AREAS**

Other task areas include institutional and financial conditions, culture and leisure, health, environment and spatial planning, and economic relations. The sharp year-on-year increase was attributable chiefly to the integration of the grid supplement fund into the federal budget (+1051 mn). The redistribution of the CO<sub>2</sub> tax was 418 million higher than the previous year. In contrast, building program expenditure decreased (-220 mn) and payments were no longer due for oceangoing vessels (-215 mn).

More detailed information on the individual task areas can be found in section 8.

**2018 EXPENDITURE BY TASK AREA**

Shares in %



- Social welfare 22 328 mn
- Transportation 10 393 mn
- Finances and taxes 9887 mn
- Education and research 7714 mn
- National defense 5570 mn
- International relations 3771 mn
- Agriculture and food 3640 mn
- Other tasks 7273 mn

The three largest task areas – social welfare, finances and taxes, transportation – are also those where expenditure is the most strictly earmarked.

## 4 OUTLOOK

The global economic slowdown that began at the end of 2018 will continue in 2019. The economic forecasts have been revised downward. The Confederation's financial situation for 2020 is nevertheless better than in the last financial plan, with the result that the tax reform and AHV financing (TRAF) can be implemented without savings measures.

The Swiss economy benefited from the favorable global economic environment last year. In the second half of the year, however, growth slowed down significantly in the case of important trading partners such as Germany and China. Moreover, the looming disorderly Brexit is creating uncertainty. The federal government's economic forecasts expert group expects the global economy to continue to slow down in 2019, and thus decided in December to lower its growth forecasts relative to the summer. The economic dip is likely to have been overcome already by 2020.

The outlook for the federal budget is determined not only by the downward revision of economic forecasts, but also by the good results posted in 2018. According to the Federal Council's fiscal policy assessment of February 2019, a structural surplus of 400 million is expected for 2020, whereas a structural deficit of 400 million was still anticipated in the August 2018 financial plan. The improvement is due primarily to the higher forecasts for withholding tax and direct federal tax, which more than compensate for the downward revision of the VAT and stamp duty estimates. The tax reform and AHV financing (TRAF), which would lead to an additional burden of 1.4 billion in net terms if it is accepted in the referendum on May 19, 2019, is particularly worthy of mention. This burden could be absorbed in 2020 without further savings measures.

As things currently stand, there is a temporary structural surplus of 1 billion for 2021. For the following years, it is assumed that the elimination of the penalty for married couples concerning direct federal tax will not come into force before 2021; the associated net reduction in receipts of around 1 billion will thus put a burden on the federal budget no earlier than 2022. The financial plan likewise includes the abolition of industry customs duties in 2022, which will reduce receipts by 500 million. Further tax reforms such as the abolition of the imputed rental value or higher deductions for health insurance premiums, as well as the partial abolition of stamp duty are being discussed. The trend of receipts is subject to major fluctuations, particularly in the case of withholding tax and profit tax, which now account for 26% of federal receipts. Seen in this light, the surplus of around 300 million from 2022 onward is too small and too precarious to implement more than the projects already approved by the Federal Council without having to reduce expenditure growth elsewhere.





# ANNUAL FINANCIAL STATEMENTS

B



## STATEMENT OF FINANCIAL PERFORMANCE

CHF mn	FS	Bdg.	FS	Δ 2017-18	
	2017	2018	2018	absolute	%
<b>Surplus/deficit</b>	<b>4 403</b>	<b>911</b>	<b>5 701</b>		
<b>Operating result</b>	<b>2 692</b>	<b>944</b>	<b>4 119</b>		
Operating revenue	69 483	69 345	71 817	2 334	3.4
Tax revenue	66 197	66 276	68 398	2 201	3.3
Direct federal tax natural persons	10 332	10 947	11 157	824	8.0
Direct federal tax legal entities	10 612	10 560	11 289	677	6.4
Withholding tax	8 010	6 180	7 747	-263	-3.3
Stamp duty	2 434	2 360	2 117	-318	-13.1
Value added tax	22 904	22 725	22 650	-254	-1.1
Other consumption taxes	6 775	8 279	8 310	1 535	22.7
Misc. tax revenue	5 130	5 226	5 129	-1	0.0
Royalties and concessions	1 041	1 127	1 198	158	15.2
Other revenue	2 065	1 802	1 901	-164	-8.0
Net revenue from special financing in liabilities	19	78	168	149	778.0
Revenue from extraordinary transactions	161	62	152		
Operating expenses	66 791	68 401	67 698	908	1.4
Operating expenses	13 784	14 098	13 419	-365	-2.6
Personnel expenses	5 922	5 768	5 346	-577	-9.7
General, administrative and operating expenses	3 867	4 281	3 938	71	1.8
Defense expenses	873	1 105	996	123	14.1
Deprec., amortiz. tangible/intangible fixed assets	3 122	2 944	3 140	18	0.6
Transfer expenses	52 851	54 250	54 218	1 367	2.6
Third parties' share in federal income	10 078	9 342	9 784	-293	-2.9
Compensation to public bodies	1 590	1 781	1 625	35	2.2
Contributions to own institutions	3 966	3 555	4 049	82	2.1
Contributions to third parties	15 578	16 190	15 713	135	0.9
Contributions to social insurance	16 978	17 256	17 206	228	1.3
Value adjustment on investment contributions	4 655	6 114	5 829	1 174	25.2
Value adjustment on loans and financial interests	6	12	12	6	89.9
Net expense for special financing in liabilities	156	53	61	-95	-60.8
Extraordinary transaction expenses	-	-	-		
<b>Financial result</b>	<b>-1 040</b>	<b>-861</b>	<b>-818</b>		
Financial revenue	454	328	390	-64	-14.1
Financial expense	1 494	1 189	1 208	-286	-19.1
Interest expense	1 400	1 139	1 139	-261	-18.6
Other financial expense	94	50	69	-25	-26.8
<b>Result from interests</b>	<b>2 750</b>	<b>828</b>	<b>2 400</b>		

The figures for 2017 were adjusted (see section B 72).

## FINANCING STATEMENT

CHF mn	FS	Bdg.	FS	Δ 2017-18	
	2017	2018	2018	absolute	%
<b>Overall fiscal balance</b>	<b>2 798</b>	<b>295</b>	<b>3 029</b>		
<b>Ordinary fiscal balance</b>	<b>2 621</b>	<b>295</b>	<b>2 938</b>		
Ordinary receipts	70 857	71 322	73 512	2 655	3.7
Tax receipts	66 269	66 032	68 121	1 851	2.8
Direct federal tax natural persons	10 332	10 947	11 157	824	8.0
Direct federal tax legal entities	10 612	10 560	11 289	677	6.4
Withholding tax	8 010	6 180	7 747	-263	-3.3
Stamp duty	2 434	2 360	2 117	-318	-13.1
Value added tax	22 902	22 725	22 644	-259	-1.1
Other consumption taxes	6 847	8 035	8 072	1 226	17.9
Misc. tax receipts	5 131	5 226	5 095	-36	-0.7
Royalties and concessions	1 062	1 148	1 212	151	14.2
Financial receipts	1 170	1 113	1 121	-50	-4.2
Financial interest receipts	828	829	821	-7	-0.8
Other financial receipts	342	284	300	-43	-12.4
Other current receipts	1 708	1 735	1 789	81	4.7
Investment receipts	648	1 293	1 270	622	95.9
Ordinary expenditure	68 236	71 027	70 574	2 338	3.4
Operating expenditure	10 101	10 789	10 252	151	1.5
Personnel expenditure	5 619	5 768	5 616	-3	-0.1
General, administrative and operating expenditure	3 747	4 165	3 780	33	0.9
Defense expenditure	735	855	856	121	16.4
Current transfer expenditure	48 341	48 192	48 120	-221	-0.5
Third parties' share in federal receipts	10 078	9 342	9 784	-293	-2.9
Compensation to public bodies	1 595	1 773	1 614	19	1.2
Contributions to own institutions	3 957	3 555	4 049	91	2.3
Contributions to third parties	15 660	16 191	15 420	-240	-1.5
Contributions to social insurance	17 051	17 331	17 252	201	1.2
Financial expenditure	1 462	1 205	1 203	-259	-17.7
Interest expenditure	1 409	1 155	1 153	-256	-18.2
Other financial expenditure	53	50	50	-3	-6.1
Investment expenditure	8 332	10 842	11 000	2 667	32.0
Tangible fixed assets and inventories	3 061	3 665	4 120	1 059	34.6
Intangible fixed assets	20	45	21	2	9.4
Loans	61	117	109	48	79.7
Financial interests	45	444	444	399	893.9
Own investment contributions	4 646	6 070	5 805	1 159	24.9
Transitory investment contributions	500	500	500	0	0.0
Extraordinary receipts	177	-	90		
Extraordinary expenditure	-	-	-		

The figures for 2017 were adjusted (see section B 72).

## STATEMENT OF FINANCIAL POSITION

CHF mn	FS			Δ 2017-18	
	01.01.2017	31.12.2017	31.12.2018	absolute	%
<b>Assets</b>	<b>147 960</b>	<b>162 439</b>	<b>167 208</b>	<b>4 769</b>	<b>2.9</b>
Non-administrative assets	28 225	36 502	36 974	473	1.3
Current assets	16 125	24 304	25 098	794	3.3
Liquid assets	6 904	14 610	15 665	1 055	7.2
Receivables	5 189	5 847	6 473	626	10.7
Short-term financial investments	3 751	3 562	2 382	-1 180	-33.1
Prepaid expenses and accrued income	281	285	578	293	102.9
Non-current assets	12 100	12 198	11 876	-322	-2.6
Long-term financial investments	12 100	12 198	11 876	-322	-2.6
<b>Administrative assets</b>	<b>119 735</b>	<b>125 937</b>	<b>130 233</b>	<b>4 296</b>	<b>3.4</b>
Current assets	3 856	3 937	3 926	-11	-0.3
Inventories	3 856	3 937	3 926	-11	-0.3
Non-current assets	115 879	122 001	126 307	4 307	3.5
Tangible fixed assets	59 223	59 250	59 819	569	1.0
Intangible fixed assets	205	201	192	-10	-4.8
Loans	5 615	5 520	5 152	-368	-6.7
Financial interests	50 835	57 029	61 145	4 115	7.2
<b>Liabilities and equity</b>	<b>147 960</b>	<b>162 439</b>	<b>167 208</b>	<b>4 769</b>	<b>2.9</b>
Short-term liabilities	37 207	43 004	41 859	-1 145	-2.7
Current liabilities	10 734	13 418	13 634	216	1.6
Short-term financial liabilities	22 322	23 626	21 543	-2 083	-8.8
Accrued expenses and deferred income	3 480	5 400	6 139	739	13.7
Short-term provisions	671	560	543	-17	-3.1
Long-term liabilities	102 061	99 005	98 229	-776	-0.8
Long-term financial liabilities	71 136	68 198	64 229	-3 969	-5.8
Liabilities toward separate accounts	2 431	3 029	3 776	747	24.7
Employee retirement benefit obligations	11 496	8 910	9 661	751	8.4
Long-term provisions	15 123	16 850	17 656	806	4.8
Restricted funds in liabilities	1 876	2 018	2 907	889	44.0
<b>Net assets/equity</b>	<b>8 691</b>	<b>20 430</b>	<b>27 119</b>	<b>6 689</b>	<b>32.7</b>
Restricted funds in net assets/equity	7 421	7 350	6 837	-514	-7.0
Reserves from global budget	229	172	181	9	5.3
Accumulated surplus	1 042	12 908	20 102	7 193	55.7

The figures for 2017 were adjusted (see section B 72).

**CASH FLOW STATEMENT**

CHF mn	FS 2017	FS 2018	Δ 2017-18 absolute
<b>Total cash flow</b>	<b>7 706</b>	<b>1 055</b>	<b>-6 651</b>
Cash flow from operating activities	11 604	8 456	-3 148
Tax receipts	66 269	68 121	1 851
Royalties and concessions	1 062	1 212	151
Revenue from exchange transactions	1 141	1 208	66
Other current receipts	568	582	15
Financial receipts	1 170	1 121	-50
Repayment of investment contributions	-	200	200
Operating expenditure	-10 101	-10 252	-151
Transfer expenditure	-48 341	-48 120	221
Financial expenditure	-1 462	-1 203	259
Investment contributions	-4 646	-5 805	-1 159
Investment expenditure inventories	-57	-82	-25
Extraordinary receipts	99	90	-9
Increase/decrease in receivables (excl. value adjustments)	-691	-508	183
Increase/decrease in current liabilities	2 684	199	-2 484
Increase/decrease withholding tax accrued expenses & deferred income/ provisions	3 616	1 439	-2 178
Increase/decrease in liabilities vis-à-vis separate accounts	597	415	-183
Cash flow from special funds	39	168	129
Premium amortization	-343	-328	16
<b>Cash flow from investing activities</b>	<b>-2 669</b>	<b>-1 702</b>	<b>966</b>
Investment expenditure tangible and intangible fixed assets	-3 024	-3 770	-746
Investment receipts tangible and intangible fixed assets	38	51	13
Investment expenditure on loans and financial interests	-105	-553	-448
Investment receipts from loans and financial interests	110	519	409
Extraordinary investment receipts	78	0	-78
Increase/decrease in short-term financial investments	332	1 070	738
Increase/decrease in long-term financial investments	-98	362	460
Addition due to consolidation scope changes	-	618	618
<b>Cash flow from financing activities</b>	<b>-1 230</b>	<b>-5 699</b>	<b>-4 469</b>
Increase/decrease in short-term financial liabilities	1 304	-2 068	-3 373
Increase/decrease in long-term financial liabilities	-2 938	-3 940	-1 002
Less premium amortization not affecting cash	343	328	-16
Less increase/decrease in derivative financial instruments not affecting cash	54	-4	-57
Less increase/decrease in lease liability/investments financed by third parties not affecting cash	7	-14	-21

The figures for 2017 were adjusted (see section B 72).

**CASH FUND STATEMENT**

CHF mn	FS 2017	FS 2018	Δ 2017-18 absolute
Liquid assets balance at 01.01.	6 904	14 610	7 706
Increase (+) / decrease (-)	7 706	1 055	-6 651
Liquid assets balance at 31.12.	14 610	15 665	1 055

## STATEMENT OF INVESTMENTS

CHF mn	FS	Bdg.	FS	Δ 2017-18	
	2017	2018	2018	absolute	%
<b>Statement of investments balance</b>	<b>-7 669</b>	<b>-9 792</b>	<b>-9 651</b>		
<b>Ordinary statement of investments balance</b>	<b>-7 748</b>	<b>-9 792</b>	<b>-9 652</b>		
Investment receipts	648	1 293	1 270	622	95.9
Buildings	34	58	44	10	29.7
Property, plant and equipment	4	3	4	1	17.3
Motorways	1	4	3	2	349.3
Intangible fixed assets	-	0	-	-	-
Loans	110	527	517	407	370.3
Financial interests	-	-	2	2	-
Repayment of own investment contributions	-	200	200	200	-
Transitory investment contributions	500	500	500	0	0.0
<b>Investment expenditure</b>	<b>8 396</b>	<b>11 086</b>	<b>10 921</b>	<b>2 525</b>	<b>30.1</b>
Buildings	679	738	661	-18	-2.7
Property, plant and equipment	97	123	93	-3	-3.6
Inventories	57	82	82	25	44.6
Motorway	1 800	2 362	2 580	779	43.3
Defense equipment	482	360	403	-80	-16.5
Intangible fixed assets	20	45	21	1	3.2
Loans	61	117	109	48	79.7
Financial interests	45	444	444	399	893.9
Own investment contributions	4 655	6 314	6 029	1 374	29.5
Transitory investment contributions	500	500	500	0	0.0
<b>Extraordinary investment receipts</b>	<b>78</b>	<b>-</b>	<b>0</b>		
<b>Extraordinary investment expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>		

## STATEMENT OF NET ASSETS/EQUITY

CHF mn	Special financing 1	Special funds 2	Other restricted funds 3	Restricted funds 4=1+2+3	Global budget reserves 5	Accumulated surplus 6	Total net assets/equity 7=4+5+6
<b>As of 01.01.2017 before restatement</b>	<b>6 021</b>	<b>1 338</b>	<b>62</b>	<b>7 421</b>	<b>229</b>	<b>1 717</b>	<b>9 366</b>
Changes	-	-	-	-	-	-674	-674
<b>As of 01.01.2017 after restatement</b>	<b>6 021</b>	<b>1 338</b>	<b>62</b>	<b>7 421</b>	<b>229</b>	<b>1 043</b>	<b>8 692</b>
Special funds result	-	23	-	23	-	2	25
Change in other restricted funds	-	-	-7	-7	-	-	-7
Revaluation employee retirement benefits	-	-	-	-	-	2 904	2 904
Share of equity transactions involving equity interests	-	-	-	-	-	4 233	4 233
Hedging transactions	-	-	-	-	-	180	180
<b>Total items recognized under net assets/equity</b>	<b>-</b>	<b>23</b>	<b>-7</b>	<b>16</b>	<b>-</b>	<b>7 319</b>	<b>7 334</b>
Surplus/deficit for the year	-	-	-	-	-	4 403	4 403
<b>Total profit and loss recognized</b>	<b>-</b>	<b>23</b>	<b>-7</b>	<b>16</b>	<b>-</b>	<b>11 721</b>	<b>11 737</b>
Entry transfers in net assets/equity	-86	-	-	-86	-57	143	-
<b>As of 31.12.2017</b>	<b>5 935</b>	<b>1 361</b>	<b>55</b>	<b>7 350</b>	<b>172</b>	<b>12 908</b>	<b>20 430</b>
Special funds result	-	22	-	22	-	4	26
Change in other restricted funds	-	-	-6	-6	-	-	-6
Revaluation employee retirement benefits	-	-	-	-	-	-1 032	-1 032
Share of equity transactions involving equity interests	-	-	-	-	-	2 094	2 094
Hedging transactions	-	-	-	-	-	-128	-128
<b>Total items recognized under net assets/equity</b>	<b>-</b>	<b>22</b>	<b>-6</b>	<b>15</b>	<b>-</b>	<b>938</b>	<b>954</b>
Surplus/deficit for the year	-	-	-	-	-	5 702	5 702
<b>Total profit and loss recognized</b>	<b>-</b>	<b>22</b>	<b>-6</b>	<b>15</b>	<b>-</b>	<b>6 640</b>	<b>6 655</b>
Entry transfers in net assets/equity	-529	-	-	-529	9	520	-
Consolidation scope changes	-	-	-	-	-	34	34
<b>As of 31.12.2018</b>	<b>5 406</b>	<b>1 383</b>	<b>48</b>	<b>6 837</b>	<b>181</b>	<b>20 102</b>	<b>27 119</b>

## STATEMENT OF NET ASSETS/EQUITY

The statement of net assets/equity shows which financial transactions led to a change in the respective equity item. Specifically, it indicates the expense and revenue items that were recognized directly in net assets/equity rather than in the statement of financial performance, and the impact of a change in reserves and restricted funds on net assets/equity.



## RESERVES FROM GLOBAL BUDGET

CHF mn	General reserves				Restricted reserves			
	Closing stock at 31.12.2017	Formation from FS 2017	Reversal	Closing stock at 31.12.2018	Closing stock at 31.12.2017	Formation from FS 2017	Reversal	Closing stock at 31.12.2018
<b>Total</b>	<b>28</b>	<b>16</b>	<b>-1</b>	<b>43</b>	<b>143</b>	<b>153</b>	<b>-159</b>	<b>137</b>
104 FCh	-	-	-	-	-	26	-13	13
110 OAG	-	-	-	-	-	3	-	3
202 FDFA	1	10	-	11	8	4	-4	8
301 GS-FDHA	-	-	-	-	-	1	-	1
305 SFA	-	-	-	-	-	1	-	1
306 FOC	-	-	-	-	1	1	-1	1
311 MeteoSwiss	1	-	-	1	4	1	-3	3
317 SFSO	-	-	-	-	-	4	-1	3
341 FSVO	-	-	-	-	-	1	-	1
342 IVI	-	-	-	-	0	-	-	0
402 FOJ	-	-	-	-	-	1	-	1
403 fedpol	-	-	-	-	-	5	-	5
413 SICL	-	-	-	-	-	0	-	0
420 SEM	-	-	-	-	-	2	-	2
485 ISC-FDJP	3	-	-	3	10	15	-8	17
504 FOSPO	3	-	-	3	7	4	-2	10
506 FOCP	2	-	-	2	3	16	-4	15
542 ar S+T	1	-	-	1	-	-	-	-
570 swisstopo	3	1	-	4	3	2	-2	3
600 GS-FDF	-	-	-	-	-	1	-	1
601 FFA	-	-	-	-	-	1	0	0
602 CCO	-	-	-	-	0	-	0	-
605 FTA	-	-	-	-	-	7	-4	3
606 FCA	-	-	-	-	-	8	-1	7
608 FITSU	-	-	-	-	-	25	-9	16
609 FOITT	10	4	-	14	3	3	-4	3
611 SFAO	-	-	-	-	-	1	-	1
620 SFBL	-	-	-	-	-	1	-	1
701 GS-EAER	-	1	-1	-	-	2	-2	0
704 SECO	-	-	-	-	-	1	-	1
708 FOAG	-	-	-	-	-	2	-2	0
710 Agroscope	-	-	-	-	1	2	-1	2
735 ZIVI	1	-	-	1	-	-	-	-
740 SAS	0	-	-	0	3	-	-	3
785 ISCeco	-	-	-	-	3	3	-4	2
801 GS-DETEC	-	-	-	-	-	5	-	5
802 FOT	-	-	-	-	-	0	0	-
803 FOCA	2	-	-	2	3	1	-1	2
805 FOE	-	-	-	-	-	1	-1	-
806 FEDRO	-	-	-	-	91	-	-91	-
808 OFCOM	1	-	-	1	3	2	-1	4
817 ReglInfra	-	-	-	-	-	0	-	0

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**INFORMATION ON GLOBAL BUDGET RESERVES**

Depending on the annual results and the achievement of objectives, the administrative units have the possibility of forming reserves from their global budgets and individual credits in their own area. Reserves are broken down into general and earmarked reserves.

The formation or release of global budget reserves is recognized as a statement of financial position transaction. In the process, an entry transfer is made from the accumulated surplus to reserves (formation) or from reserves to the accumulated surplus (release). Since reserves are not available to the administrative unit until after the Federal Assembly's decision (normally after the summer session), recognition is with the key date "federal decree on the state financial statements" the following (and not the current) fiscal year.

Expenses or investment expenditure financed with reserves is recognized and reported on an accrual basis in the statement of financial performance or statement of investments. The change in global budget reserves is disclosed in the statement of net assets/equity in the notes to the Confederation's annual financial statements. The additional explanations contain a report on the development of reserves and an assessment of the total reserves held.