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Federal consolidated financial statements

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Report on the federal consolidated financial statements

11 Introduction

Purpose of the consolidated financial statements

The federal consolidated financial statements provide a comprehensive picture of the financial position of "federal public services". They are prepared on the basis of Article 55 of the Financial Budget Act (FBA; SR *611.0*). The Federal Council presents the consolidated financial statements to the two chambers of parliament for information purposes with regard to the deliberations on the state financial statements. They are not part of the state financial statements. As they do not require parliamentary approval, they are not audited by the Swiss Federal Audit Office. The consolidated financial statements are not subject to any statutory requirements in relation to lending and borrowing. No consolidated budgets, financial plans or forecasts are prepared.

The consolidated financial statements give an overview of the financial position and financial performance of entities and organizations which are allocated to and charged with discharging functions within the Federal Administration structure. The existence of transactions between entities and the application of special rules can obscure the informative value of the separate financial statements. For the purposes of the consolidated financial statements, it is immaterial whether functions are discharged by the central Federal Administration ("parent entity"), or by an outsourced organizational unit of the decentralized Federal Administration.

The objective of the consolidated financial statements is to show the level of capital expenditure and financial commitments incurred by the entities concerned, facilitating an assessment of the financial risks to which "federal public services" are exposed. In addition to total assets, the consolidated statement of financial position also shows the overall level of indebtedness of the federal government and outsourced units – information that is not included in the financial statements of the parent entity. Therefore, it is possible to observe longer-term trends in the relevant variables in order to assess the federal government's financial position and extrapolate statements based on reliable information which has been prepared in line with recognized, consistent standards. The consolidated financial statements thus serve the internal purpose of facilitating "group" planning, management and monitoring, as well as the external purpose of providing information for third-party decision-making.

The federal consolidated financial statements retain the standard structure found in private sector accounting, comprising a statement of financial performance, statement of financial position, cash flow statement, statement of net assets/equity and notes. The accounting policies applied are the same as for the *federal financial statements* (State financial statements, volume 1). Internal transactions such as intra-group sales, liabilities and receivables are eliminated. For example, cash advances from the federal government, shown as equivalent liabilities in the statement of financial position for the fund for major railway projects (FinPT fund), are excluded from consolidation. Similarly, the federal government contribution to funding for the Swiss Federal Institutes of Technology (ETH Domain) is eliminated, as are the corresponding receipts in the ETH financial statements.

Consolidation scope

The added value provided by the federal consolidated financial statements is directly related to the consolidation scope. In view of this, the Federal Council – in consultation with the Finance Committees – has adopted a pragmatic approach, electing to restrict the group of consolidated entities in the first instance. The group selected meets the minimum requirements set out in Article 55 (1) of the Federal Budget Act (parent entity, separate accounts, entities of the decentralized Federal Administration with their own accounts). Pursuant to Article 55 (2) (b) FBA, the Federal Council may bring other entities into consolidation by enacting an implementing ordinance, provided such entities discharge public sector functions and are closely linked to the federal budget. Such entities would include, for example, social insurance funds with their own accounts (old-age and survivors' insurance (AHV), disability insurance (IV) and unemployment insurance (AlV) compensation fund, Swiss Federal Railways (SBB), or Swiss Post). Given the volumes of assets involved (e.g. rail infrastructure, property, cash and investments) and future financing risks (e.g. maintaining and developing infrastructure, ageing population), expanding the consolidation scope could provide valuable additional information. In the second instance, i.e. within no more than four years of issuing the first set of consolidated financial statements, the Federal Council therefore intends to review the scope of the consolidated financial statements, and make appropriate recommendations to the Finance Committees of both chambers.

In accordance with Article 55 (1) FBA, the group of consolidated entities includes the following (see illustration in section 13):

Confederation as parent

Organizations and administrative units included in the federal financial statements (Art. 2 FBA):

- Federal Assembly and its Parliamentary Services
- Federal Courts
- Federal Council
- Federal departments, general secretariats and Federal Chancellery
- Federal groups and offices
- Entities of the decentralized Federal Administration that do not maintain separate accounts (e.g. Office of the Attorney General; Communications Commission; Swiss Federal Data Protection Commissioner; Swiss Federal Audit Office; Competition Commission)

Separate accounts
These are the financial statements of administrative units of the decentralized Federal Administration and non-autonomous federal government funds which maintain separate accounts. The financial statements are presented to the Federal Assembly for approval (Art. 5 (b) FBA):
- Swiss Federal Institutes of Technology Domain (ETH)
- Swiss Alcohol Board (SAB)
- Fund for major railway projects (FinPT fund)
- Infrastructure Fund for Urban Transportation and the Motorway Network (IF)

Entities of the decentralized Federal Administration with their own accounts
- Swiss Financial Market Supervisory Authority (FINMA)
- Swiss Federal Institute for Vocational Education and Training (SFIVET)
- Swiss Federal Institute of Intellectual Property (IIP)
- Swiss Federal Nuclear Safety Inspectorate (ENSI)
- Federal Audit Oversight Authority (FAOA)
- Swiss Export Risk Insurance (SERV)
- Swiss National Museum (SNM)
- Swissmedic

The vast majority of the administrative units of the decentralized Federal Administration which maintain separate accounts are included in the group of consolidated entities. However, pursuant to Article 55 (2) (a) FBA, the Federal Council has the power to exclude from consolidation any administrative units which maintain their own accounts. The only exceptions are units which do not meet the basic criteria for control. In the case of the Confederation, this applies to *Switzerland Tourism* (ST) and *PUBLICA*. The latter – as is the case with all Swiss pension funds – is managed on the basis of collective representation and cannot therefore be described as a government-controlled entity. Any financial risks associated with PUBLICA are disclosed in the notes to the consolidated financial statements.

Significant interests
Federal government majority interests are accounted for in the federal consolidated financial statements using the equity method (applicable share of net assets/equity) instead of the full basis of consolidation prescribed by IPSAS. The federal government holds significant interests in the following undertakings:
- Swiss Post
- Swiss Federal Railways (SBB)
- Swisscom AG
- RUAG Holding AG
- BLS Netz AG
- Skyguide AG
- SAPOMP Wohnbau AG

Adjustments to the consolidation scope for 2010
There was one change within the group of consolidated entities during the year under review. The Swiss National Museum (SNM) was outsourced from the federal government parent entity to the decentralized Federal Administration. This change had no impact on the consolidated financial statements. Full comparison with prior-year figures is therefore possible.

12 Fiscal policy appraisal

General
The consolidated method of reporting on “federal public services” shows the financial links between the parent entity and consolidated federal government entities.

Due to the selected group of consolidated entities, the consolidated financial statements predominantly reflect the figures of the Confederation as parent entity (cf. table). This result is to be

Scale of consolidated entities - overview

2010 Entities	Surplus or deficit CHF mn	Liabilities CHF mn	Net assets/ equity CHF mn	Employees FTE
Central Federal Administration (Confederation as parent)	**4 139**	**133 724**	**-29 502**	**33 312**
Decentralized Federal Administration	**845**	**9 054**	**-15**	**16 279**
Swiss Federal Institutes of Technology Domain	74	1 174	1 063	14 730
Fund for major railway projects	-155	7 606	-7 543	–
Infrastructure fund	512	6	3 439	–
Other entities	414	268	3 026	1 549
Subtotal	4 984	142 778	-29 517	49 591
Consolidation entries	-771	-12 536	-3 110	–
Federal consolidated financial statements	**4 213**	**130 242**	**-32 627**	**49 591**

expected, given that the consolidated entities – except for the parent entity, Swiss Federal Institutes of Technology Domain, fund for major railway projects (FinPT fund) and infrastructure fund (IF) – are relatively small organizations which mainly perform *services on a monopoly basis and economic and safety oversight functions,* and are thus less impacted by capital and financing. However, it is interesting to note that the Swiss Federal Institutes of Technology and the FinPT and IF funds only give rise to marginal differences compared with the parent entity financial statements. This is due to the fact that the FinPT and IF funds are funded exclusively through the parent entity while the Swiss Federal Institutes of Technology receive extensive funding from the parent entity, and the majority of large items are netted against each other. Both investments and borrowing are essentially undertaken by the Federal Treasury. This offsets cash movements within the entities to some extent, thus keeping Treasury reserves low and reducing the associated costs. It also eliminates any competition between entities on the money and capital markets.

Commentary on important items

In the consolidated *statement of financial performance,* the surplus of 4.2 billion was only slightly higher (+74 mn) than for the parent entity. Closer inspection of the consolidated figures shows that a higher operating result in the consolidated financial statements (+0.5 bn) was opposed by a lower financial result (-0.4 bn).

The consolidated *balance sheet total* of 97.6 billion was 6.6 billion lower than that of the parent entity. The lower total is due to the elimination of reciprocal receivables and liabilities between the parent entity and the other entities. Compared with the parent entity, liabilities are thus reduced by 3.5 billion (particularly IF 1.6 bn and SERV 1.8 bn). On the other hand, the negative consolidated net assets/equity is 3.1 billion lower, primarily because the positive net assets/equity of the IF (3.4 bn) and SERV (2.5 bn) only partly offsets the negative net assets/equity of the FinPT fund (-7.5 bn). Overall, the relationship between assets and liabilities is therefore somewhat less favorable from a consolidated viewpoint than with the parent entity.

The opposite is true regarding debt (see section 52). Coming in at 108.3 billion, consolidated *gross debt* is 2.3 billion lower than in the case of the parent entity, due to the offsetting of the parent entity's liabilities against the corresponding receivables of the decentralized units (particularly SERV 1.8 bn). On the other hand, the *net debt* of 86.1 billion is 4.0 billion higher than in the case of the parent entity, as the freely available assets from a consolidated viewpoint are 6.3 billion lower. Among other things, the parent entity's treasury loan to the FinPT fund (7.6 bn) is eliminated, while SERV receivables (0.8 bn) are added.

The consolidated *cash flow statement* shows last year's origin and utilization of cash and cash equivalents. The cash inflow from *operating activity* (+6.5 bn) was used primarily to finance the cash outflow from *investing activity* (-1.3 bn), as well as to reduce financial liabilities (cash outflow from *financing activity* -2.2 bn) and lower debt accordingly. It does not make much sense to compare the consolidated cash flow statement with the parent entity's financing and flow of funds statement (FFFS), as they pursue different purposes. They are thus based on differently defined funds (balance sheet amounts). While the consolidated cash flow statement shows the change in liquidity ("Cash and cash equivalents" fund), the parent entity's fund is based on the broader definition of receipts and expenditure used in the FBA. The changes in receivables (amounts due from creditors) and current liabilities (amounts due to creditors) are therefore also taken into consideration. Statements set out in this manner are also of interest from an *economic policy viewpoint,* for example: in the case of the parent entity, the change in the ordinary financing result serves as an indicator of the budget's impact on the economy. An analogous interpretation is not possible with the consolidated cash flow statement, as it does not take into consideration the changes in receivables and liabilities that have an economic impact.

With regard to *possible future financing risks for the federal budget,* provisions and contingent liabilities are of interest. It is apparent that the consolidated *provisions* are barely higher than in the case of the parent entity (14.2 bn; +0.3 bn). The difference is due mainly to the provisions for unearned SERV insurance premiums (0.1 bn) and for the disposal of radioactive accelerator waste at the Paul Scherrer Institute (PSI). In the case of off-balance-sheet *contingent liabilities,* employee retirement benefits make a difference. Amounting to 4.0 billion, they are somewhat higher in the consolidated statements (+0.5 bn) than in the case of the parent entity. This is not surprising, however, in view of the significantly higher headcount (+16,279 FTEs), which is due mainly to the ETH Domain. Finally, the SERV *insurance liabilities* of 8.7 billion assumed at the end of 2010 are worthy of mention here. This sum is counterbalanced by SERV net assets/equity of 2.5 billion.

13 Structural differences relative to the federal financial statements and financial statistics

Comparison with the federal financial statements

Statement of financial performance

In contrast to the federal financial statements, the consolidated financial statements do not differentiate between ordinary and extraordinary expenses and revenue, as they are not caught by the debt brake rules. All expenses and revenue are thus allocated to the result in the consolidated financial statements, which can give rise to considerable deviations in the accounts presented.

Statement of financial position

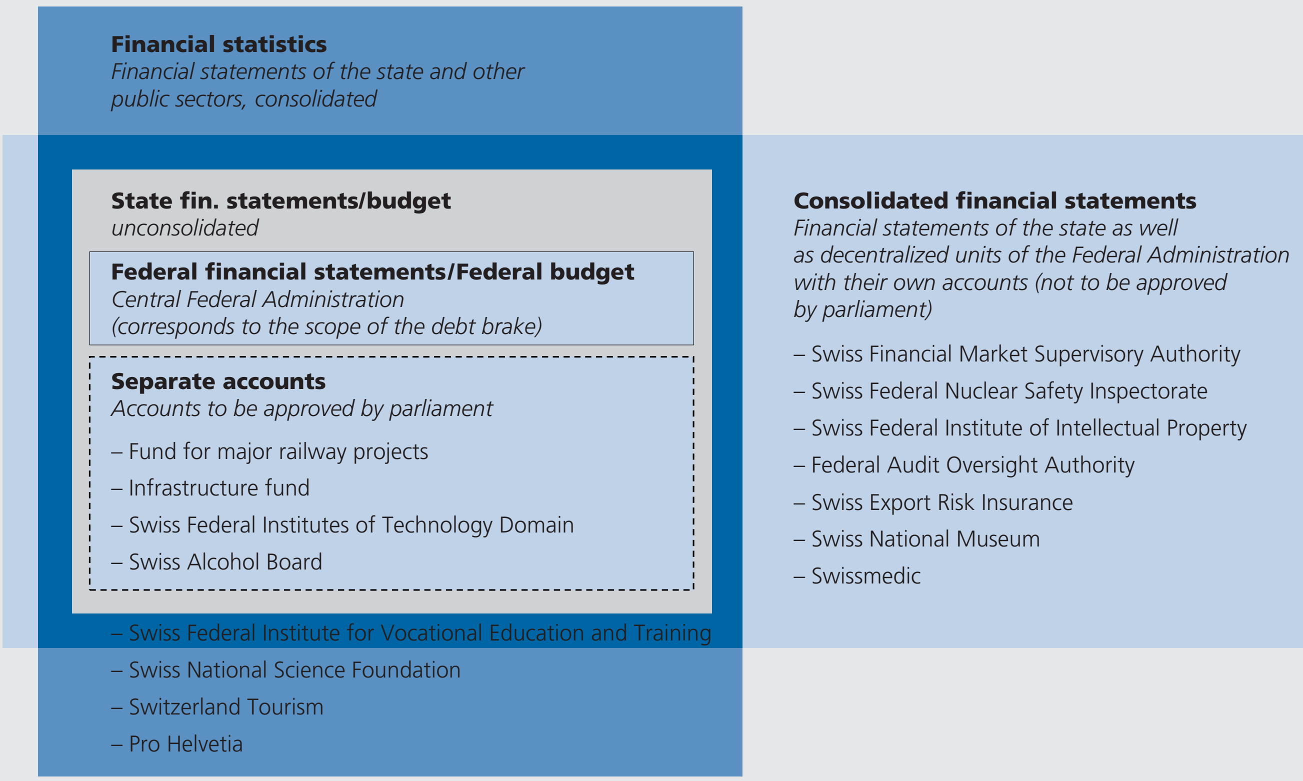
For budgetary reasons, assets are broken down into financial and administrative assets in the federal financial statements. This shows which assets are used for deposits and investments (financial assets) and which assets are required by the federal government for the purpose of discharging its functions (administrative assets), providing an important basis for budgetary decision-making by parliament. The consolidated statement of financial position makes no such distinction, but presents current and non-current assets as separate classifications in accordance with the International Public Sector Accounting Standards (IPSAS).

Cash flow statement

The cash flow statement is called the financing and flow of funds statement (FFFS) in the federal financial statements. In the interests of aligning the federal budget with fiscal policy, the FFFS distinguishes between ordinary and extraordinary transactions, and reports flows of funds from financial assets and debt financing. However, in line with the consolidated statement of financial performance, extraordinary items are not presented on the face of the consolidated cash flow statement. Instead, cash flows are reported from operating, investing and financing activities.

This cash flow statement also differs from the FFFS in terms of the presentation of the underlying cash holding ("fund"). While the cash flow statement presents the fund in terms of cash flows, the "Federal fund" under the FFFS shows amounts due from creditors (receivables) and amounts due to creditors (current liabilities) as well as cash flows.

Overview of publications on budget figures at federal level
(without social insurance, cantons and communes)



Relationship with the Confederation as parent entity
Figures for transfer expenses and debt in the consolidated financial statements and federal financial statements are compared in section 5.

Comparison with financial statistics

Different approaches
While the federal consolidated financial statements are primarily concerned with management from a business (microeconomic) perspective, the main purpose of the financial statistics is to ensure comparability from an economic (macroeconomic) perspective. Consequently, the two types of report essentially address different issues.

Different groups of consolidated entities
Under the financial statistics, the entities incorporated within the "general government" sector are determined on the basis of criteria laid down in the European System of Accounts (ESA95). The "general government" sector includes the "Confederation" sub-sector, which is comparable with, but not identical to, the scope of the federal consolidated financial statements.

The basis of consolidation applying to the financial statistics is determined by the source of financing ("50% rule"). The consolidated entities of the decentralized Federal Administration maintaining their own accounts, as shown below, are not reflected in the financial statistics. This is because more than 50% of their production costs are met through third-party sales (e.g. sale proceeds, fee income), which means they do not satisfy ESA95 criteria.

- Swiss Financial Market Supervisory Authority (FINMA)
- Swiss Federal Institute of Intellectual Property (IIP)
- Swiss Federal Nuclear Safety Inspectorate (ENSI)
- Federal Audit Oversight Authority (FAOA)
- Swiss Export Risk Insurance (SERV)
- Swiss National Museum (SNM)
- Swissmedic

However, the financial statistics "Confederation" sub-sector also includes the Swiss National Science Foundation, Switzerland Tourism and the Swiss Arts Council Pro Helvetia. Pursuant to Article 55 (1) FBA, the Swiss National Science Foundation is not included in the federal group of consolidated entities. Pro Helvetia, in contrast, is to be included from August 1, 2010 due to the revision of the Government and Administration Organisation Ordinance (GAOO; SR *172.010.1*). It will be included in the consolidated financial statements for the first time with the 2011 financial statements.

Differences in valuation
The method of valuation used in the FS Model of financial statistics, which reflects the national position, is comparable to that of the New Accounting Model (NAM) at federal level. However, the International Monetary Fund (IMF) accounting guidelines applying to the international GFS Model prescribe that all receivables and liabilities must be valued at market values.

CHF mn	Financial statements 2008	Financial statements 2009	Financial statements 2010
Statement of financial performance			
Operating revenue	62 149	62 004	62 159
Operating expenses	53 931	54 997	56 668
Operating result	**8 218**	**7 007**	**5 491**
Financial revenue	888	1 566	415
Financial expense	4 225	3 469	3 438
Financial result	**-3 337**	**-1 903**	**-3 023**
Equity interest revenue	1 807	2 179	1 840
Equity interest expenses	7	5	95
Equity interest result	**1 800**	**2 174**	**1 745**
Surplus or deficit	**6 681**	**7 278**	**4 213**
Statement of financial position			
Current assets	19 278	15 279	16 167
Non-current assets	79 474	78 152	81 448
Liabilities	143 117	130 469	130 242
Net assets/equity	-44 365	-37 038	-32 627
Cash flow statement			
Cash flows from operating activities	7 899	7 447	6 545
Cash flows from investing activities	-5 791	3 200	-1 323
Cash flows from financing activities	-869	-10 143	-2 161
Total cash flow	**1 239**	**504**	**3 061**
Debt			
Gross debt	120 378	108 742	108 279
Net debt	98 358	89 070	86 125
Staff			
Number of full-time employees (FTE)	46 549	48 833	49 591

31 Statement of financial performance

CHF mn	Financial statements 2009	Financial statements 2010	Deviation vs. FS 2009 Absolute	%	Figures in notes
Surplus or deficit	**7 278**	**4 213**	**-3 065**	**-42,1**	
Operating result	**7 007**	**5 491**	**-1 516**	**-21,6**	
Operating revenue	**62 004**	**62 159**	**155**	**0,2**	
Tax revenue	57 298	58 047	749	1,3	1
Service revenue	2 141	2 120	-21	-1,0	2
Other revenue	2 565	1 992	-573	-22,3	3
Operating expenses	**54 997**	**56 668**	**1 671**	**3,0**	
Personnel expenses	6 766	6 858	92	1,4	4
Other operating expenses	6 021	5 755	-266	-4,4	5
Depreciation	2 144	2 291	147	6,9	14
Transfer expenses	40 066	41 764	1 698	4,2	6
Financial result	**-1 903**	**-3 023**	**-1 120**	**58,9**	
Financial revenue	1 566	415	-1 151	-73,5	7
Financial expense	3 469	3 438	-31	-0,9	8
Equity interest result	**2 174**	**1 745**	**-429**	**-19,7**	
Equity interest revenue	2 179	1 840	-339	-15,6	16
Equity interest expenses	5	95	90	1 800,0	16
Surplus or deficit	**7 278**	**4 213**	**-3 065**	**-42,1**	
Confederation's share	7 276	4 211			
Minority interests (cantons in Swissmedic)	2	2			

The statement of financial performance recorded a *surplus* of 4.2 billion, comprising 5.5 billion for the operating result, -3.0 billion for the financial result, and 1.7 billion for the equity interest result.

The *operating result* was 1.5 billion below the previous year's figure, but was still at a high level. The year-on-year change can be explained primarily by the following three factors:

- Tax revenue rose by 0.7 billion. Contrasting developments were evident here: value added tax revenue (+0.8 bn) and revenue from tobacco duty (+0.4 bn) and CO_2 tax (+0.4 bn) all rose, while revenue from withholding tax (-1.0 bn) declined.

- Other revenue declined by 0.6 billion in the year under review. This decline was attributable above all to two transactions in 2009 that did not recur in 2010 (capitalization of cantons' share in motorways that became operational as well as subsequent capitalization of cable equipment from the demerger of Swisscom and the Federal Department of Defence, Civil Protection and Sport).

- At 41.8 billion, transfer expenses were 1.7 billion above the previous year's equivalent. This increase was primarily down to third parties' share in federal revenue (+1.0 bn; first redistribution of revenue from the CO_2 tax on fuel) and contributions to third parties (+0.5 bn; financial equalization, contributions to international organizations, education and research).

The *financial result* was 1.1 billion lower than in 2009 due to the sharp decline in financial revenue. This can be explained primarily by the non-recurrence of revenue recognized in 2009 in connection with the UBS mandatory convertible notes.

The *equity interest result* (1.7 bn) comprises unrealized gains on significant interests. Impressive revenue figures were recorded on these positions thanks to the positive results reported by federal government companies, particularly Swiss Post (0.9 bn), Swiss Federal Railways (0.5 bn) and Swisscom (0.4 bn).

32 Statement of financial position

CHF mn	Financial statements 2009	Financial statements 2010	Deviation vs. 2009 Absolute	%	Figures in notes
Assets	**93 431**	**97 615**	**4 184**	**4,5**	
Current assets	**15 279**	**16 167**	**888**	**5,8**	
Cash and cash equivalents	3 190	6 251	3 061	96,0	9
Receivables	6 072	7 342	1 270	20,9	10
Short-term financial investments	4 260	514	-3 746	-87,9	11
Inventories	321	308	-13	-4,0	12
Prepaid expenses and accrued income	1 436	1 752	316	22,0	13
Non-current assets	**78 152**	**81 448**	**3 296**	**4,2**	
Tangible fixed assets	50 468	50 786	318	0,6	14
Intangible fixed assets	140	159	19	13,6	14
Loans	9 548	11 571	2 023	21,2	15
Financial interests	17 918	18 857	939	5,2	16
Long-term financial investments	78	75	-3	-3,8	11
Liabilities and equity	**93 431**	**97 615**	**4 184**	**4,5**	
Short-term liabilities	**29 195**	**33 465**	**4 270**	**14,6**	
Current liabilities	12 218	13 536	1 318	10,8	17
Short-term financial liabilities	10 330	13 092	2 762	26,7	18
Accrued expenses and deferred income	6 156	6 458	302	4,9	19
Short-term provisions	491	379	-112	-22,8	20
Long-term liabilities	**101 274**	**96 777**	**-4 497**	**-4,4**	
Long-term financial liabilities	86 194	81 651	-4 543	-5,3	18
Long-term provisions	13 353	13 832	479	3,6	20
Other liabilities	1 727	1 294	-433	-25,1	21
Net assets/equity	**-37 038**	**-32 627**	**4 411**	**11,9**	
Minority interests (cantons in Swissmedic)	20	22	2	10,0	
Net assets/equity of the Confederation	-37 058	-32 649	4 409	11,9	
Funds in net assets/equity	6 100	7 079	979	16,0	
Other net assets/equity	1 711	1 652	-59	-3,4	
Accumulated surplus (+) / deficit (-)	-44 869	-41 380	3 489	7,8	

Current assets increased by 0.9 billion to 16.2 billion, primarily as a result of the high level of fixed-term deposits. This also involved a shift from *short-term financial investments* to *cash and cash equivalents* due to a change in the way fixed-term deposits are reported. In 2009, the fixed-term deposits of the parent entity with a total term of less than 90 days were reported under *short-term financial investments.*

Non-current assets rose by 3.3 billion. The major changes here include the increase in the unemployment insurance *loan* (+1.8 bn), the higher valuation of significant *interests* (+0.9 bn) and the rise in the carrying amount of motorways (+0.4 bn).

On the liabilities side, *short-term liabilities* rose by 4.3 billion. The key drivers of this increase were the rise in the level of short-term money market claims (+2.2 bn) and the increase in current liabilities (+1.3 bn). The decline of 4.5 billion in *long-term liabilities* was the result of contrasting developments. On the one hand, Confederation bonds worth 4.6 billion were redeemed, and the balance of the special financing for CO_2 tax was reduced by 0.5 billion. On the other hand, there was an increase of 0.4 billion in the provision for withholding tax refund claims.

The negative *net assets/equity,* or accumulated deficit, declined by 4.4 billion due to the positive annual result.

33 Cash flow statement

CHF mn	Financial statements 2009	Financial statements 2010	Deviation vs. FS 2009 Absolute	%	Figures in notes
Total cash flow	**504**	**3 061**	**2 557**	**507,3**	
Cash flows from operating activities	**7 447**	**6 545**	**-902**	**-12,1**	
Surplus or deficit	7 278	4 213	-3 065	-42,1	
Depreciation	2 144	2 291	147	6,9	14
Change in provisions	-851	367	1 218	-143,1	20
Income from disposals	-1	-11	-10	1 000,0	
Other non-cash transactions	-397	-362	35	-8,8	
Increase/decrease in receivables	784	-1 270	-2 054	-262,0	10
Increase/decrease in inventories	-71	13	84	-118,3	12
Increase/decrease in prepaid expenses and accrued income	303	-316	-619	-204,3	13
Increase/decrease in current liabilities	-1 456	1 318	2 774	-190,5	17
Increase/decrease in accrued expenses and deferred income	-286	302	588	-205,6	19
Cash flows from investing activities	**3 200**	**-1 323**	**-4 523**	**-141,3**	
Investments in tangible fixed assets	-3 791	-2 749	1 042	-27,5	14
Divestments of tangible fixed assets	113	202	89	78,8	14
Investments in intangible fixed assets	-64	-70	-6	9,4	14
Increase in long-term loans	-2 427	-2 666	-239	9,8	15
Decrease in long-term loans	6 108	243	-5 865	-96,0	15
Increase in financial interests	-365	-32	333	-91,2	16
Decrease in financial interests	8	18	10	125,0	16
Increase in financial investments	-556	-169	387	-69,6	11
Decrease in financial investments	4 174	3 900	-274	-6,6	11
Cash flows from financing activities	**-10 143**	**-2 161**	**7 982**	**-78,7**	
Increase in short-term financial liabilities	37 035	34 123	-2 912	-7,9	18
Decrease in short-term financial liabilities	-40 870	-31 741	9 129	-22,3	18
Increase in long-term financial liabilities	3 872	4 159	287	7,4	18
Decrease in long-term financial liabilities	-10 182	-8 704	1 478	-14,5	18
Change in special funds	29	29	–	–	
Dividends	-27	-27	–	–	

"Cash fund" statement

CHF mn	Financial statements 2009	Financial statements 2010	Deviation vs. FS 2009 Absolute	%	Figures in notes
Cash and cash equivalents balance at 01.01.	**2 686**	**3 190**	**504**	**18,8**	**9**
Increase/decrease	504	3 061	2 557	507,3	9
Cash and cash equivalents balance at 31.12.	**3 190**	**6 251**	**3 061**	**96,0**	**9**

Additional information

CHF mn	Financial statements 2009	Financial statements 2010	Deviation vs. FS 2009 Absolute	%	Figures in notes
Interest paid	-2 831	-2 804	27	-1,0	
Interest received	800	173	-627	-78,4	

The cash flow statement shows changes in the "Cash and cash equivalents" fund. It is prepared using the indirect method, i.e. the cash flow from operating activity is derived from the surplus or deficit for the year.

At 6.5 billion, the *cash flows from operating activities* were close to the prior-year level of 7.4 billion. This result was largely driven by the surplus of 4.2 billion as well as by the depreciation and amortization adjustments to be taken into account with the indirect method (2.3 bn). The following movements are reflected in "Other non-cash transactions" (-0.4 bn): significant interest equity value changes recognized in the statement of financial performance (-0.9 bn), changes in restricted funds in liabilities (-0.4 bn), value adjustments on loans (+0.4 bn), fair value adjustments to futures contracts (+0.4 bn), and valuation adjustments recorded in net assets/equity (+0.2 bn). Receivables and current liabilities both increased by 1.3 billion, and thus the two items offset each other. Both of these increases were largely attributable to the higher amounts of outstanding tax revenue.

There was a cash outflow from *investing activities* of 1.3 billion, compared with a cash inflow of 3.2 billion in 2009. The prior-year result was affected by the sale of UBS mandatory convertible notes (sold at their carrying amount of 5.9 bn), as well as capitalized cantonal shares in motorways that have come into operation (1.0 bn). Excluding both of these factors, investing activities were in line with the previous year's level.

The *cash flows from financing activities* were -2.2 billion (previous year: -10.1 bn). Some of the funds generated from operating activities and not disbursed to investing activities were used to reduce financial liabilities, and thus bring down debt.

As a result, *cash and cash equivalents* increased by 3.1 billion to 6.3 billion. This increase was due primarily to the 2010 transfer of fixed-term deposits with a total term under 90 days from "Short-term financial investments" to "Short-term deposits".

34 Statement of net assets/equity

CHF mn	Total net assets/ equity	Share of minority assets/equity	Net assets/ equity of the Confederation	Funds in net assets/ equity	Other net assets/ equity	Accumulated surplus/ deficit
At 1 January 2009	**-44 365**	**18**	**-44 383**	**6 250**	**1 672**	**-52 305**
Entry transfers in net assets/equity	–	–	–	-176	36	140
Change in special funds	29	–	29	26	–	3
Valuation changes	8	–	8	–	3	5
Total positions entered in net assets/equity	**37**	**–**	**37**	**-150**	**39**	**148**
Surplus or deficit	7 278	2	7 276	–	–	7 276
Total profit and loss entered	**7 315**	**2**	**7 313**	**-150**	**39**	**7 424**
Dividends	-27	–	-27	–	–	-27
Change in reserves	7	–	7	–	–	7
Other transactions	32	–	32	–	–	32
At 31 December 2009	**-37 038**	**20**	**-37 058**	**6 100**	**1 711**	**-44 869**
Entry transfers in net assets/equity	–	–	–	934	-56	-878
Change in special funds	29	–	29	43	–	-14
Valuation changes	195	–	195	–	-3	198
Total positions entered in net assets/equity	**224**	**–**	**224**	**977**	**-59**	**-694**
Surplus or deficit	4 213	2	4 211	–	–	4 211
Total profit and loss entered	**4 437**	**2**	**4 435**	**977**	**-59**	**3 517**
Dividends	-27	–	-27	–	–	-27
Other transactions	1	–	1	2	–	-1
At 31 December 2010	**-32 627**	**22**	**-32 649**	**7 079**	**1 652**	**-41 380**

The statement of net assets/equity provides information on the effects of financial transactions recorded in the reporting period for assets and equity. More specifically, it clearly indicates the expense and revenue items that are recognized directly in net assets/equity rather than in the statement of financial performance, and the impact of changes in reserves and restricted funds in net assets/equity.

Funds in net assets/equity
Funds from unappropriated restricted receipts are recognized in net assets/equity where there is definite flexibility as to the use of the funds or the time at which they may be used. Funds in net assets/equity include both special and restricted funds. Special fund receipts and expenditure are recognized directly in the statement of financial position in the case of the parent entity. In contrast, receipts and expenditure for restricted funds (special financing items) are recognized in the statement of financial performance, while any surplus receipts or expenditure are credited to or debited from the fund. The same applies to special funds for the Swiss Federal Institutes of Technology (ETH Domain).

Restricted fund appropriations, which are recorded under *entry transfers in net assets/equity,* increased by 934 million to 5,653 million in 2010. On a consolidated basis, overspending of 244 million was reported in respect of special financing for road transportation (Art. 5 of the Federal Act of March 22, 1985 on the Application of the Earmarked Mineral Oil Tax; MinOA, SR *725.116.2*), while excess expenditure over receipts for the parent entity was only 64 million. This discrepancy was due to the elimination of the infrastructure fund deposit (1,029 mn) and infrastructure fund expenditure actually incurred (1,209 mn). The special financing for FTA/WTO accompanying measures in the agri-food sector was established with retroactive effect to 2009 by federal decree dated June 18, 2010. A total of 1,178 million from restricted customs revenue was credited to this special financing for 2009 and 2010 during the reporting period. This revenue has only been ring-fenced for a limited period until 2016. The funds for accompanying measures are to be used in connection with any free trade agreements with the EU or WTO in the agri-food sector.

Special fund assets increased by 43 million to 1,426 million in the year under review. As of December 31, 2010, some of the special funds in net assets/equity (613 mn) were available as cash and other liquid assets, while 6 million was deposited with the Federal Treasury. The remaining funds consist of repayable loans for the regional development fund (804 mn) and other assets of the various funds (3 mn).

The most significant components and changes relate to the following special fund items:

- Most of the recognized regional development fund loans are interest-free and have terms of up to 25 years. These loans are therefore discounted at 3.25% using the relevant measurement bases, and carried at their present value of 814 million. It was also necessary to make 10 million in individual value adjustments for loans at risk for the first time in 2010, resulting in a carrying amount of 804 million. This change in the value adjustment of loans is recorded against net assets/equity.

Fund assets were also inflated by a subsequent capitalization of 70 million made in respect of loans which were granted under the new legislative regime but not capitalized as of the end of 2009. 2010 saw a 29 million net increase in reported fund assets. Fund assets were reduced by non-repayable contributions of 35 million and a 17 million increase in value adjustments. On the other hand, fund assets were bolstered by the subsequent capitalization (70 mn) and by funds allocated from the ordinary budget (11 mn).

- 36 million in new funds from gifts and bequests was allocated to the Swiss Federal Institutes of Technology (ETH Domain) in 2010, with a 20 million gift from the Society in Science accounting for the largest single item. After deducting 22 million in appropriated funds, the ETH Domain special fund increased by 14 million, with total assets amounting to 139 million.

- With the Swiss National Museum (SNM) acquiring separate legal status on January 1, 2010, restricted funds were transferred from the parent entity to the SNM. These restricted funds were redefined in the SNM opening statement of financial position, with 2 million in liabilities reclassified as net assets/equity (reported under *other transactions*).

Other net assets/equity
There was a net decrease of 59 million in net assets/equity for 2010. This change can be attributed to a number of opposing factors:

- Reductions in the core capital (15 mn) and risk-bearing capital (44 mn) of Swiss Export Risk Insurance (SERV) were recognized directly in the accumulated deficit. These items now amount to 308 million and 1,120 million respectively.

- MPM administrative units have the option to create reserves and subsequently use these reserves to fund activities which are consistent with the objectives of their performance mandate. MPM reserves are recognized and appropriated in the accumulated deficit in a similar manner to an appropriation of net income within an enterprise. In 2010, the reserves from global budget increased by 3 million to 114 million (balance of deposits less withdrawals).

- 3 million in impairments on securities was recognized directly in net assets/equity.

The balance of the Swiss Alcohol Board (SAB) operating fund remained unchanged at 110 million.

Accumulated deficit
Valuation changes show transactions recognized directly in net assets/equity with some opposing effects. The largest component is attributable to a subsequent capitalization for accrued interest on loans amounting to 204 million net for public housing construction projects (acquisition value of 322 mn less value adjustment of 118 mn). A subsequent capitalization has also been made in the amount of 3 million in respect of previously unrecognized bank accounts of Swissnex (Swiss Houses for Scientific Exchange). Moreover, prior-period adjustments have been made in respect of military buildings (-6 mn) and PSI facilities (-2 mn).

The accumulated deficit decreased by 3,489 million. Surplus revenue of 4,211 million and valuation changes of 198 million caused a reduction in the accumulated deficit. Conversely, the reclassifications in net assets/equity (878 mn) described above, changes in ETH Domain special funds (14 mn), the 27 million cantonal share in the SAB's distribution of profits, and a minor adjustment for an unrecognized consolidation entry from the previous year (1 mn) inflated the accumulated deficit (see last column in the above table).

Minority interests
The 34.5% minority stake in Swissmedic increased by 2 million to 22 million year-on-year due to Swissmedic's positive annual result.

41 General principles

1 Basis

Legislative framework

In addition to the relevant legal rules applying to the consolidated entities, the federal consolidated financial statements are based on the following specific statutory and legal provisions:

- Federal Act of October 7, 2005 on the Federal Financial Budget (specifically Art. 55 FBA; SR *611.0*)
- Ordinance of April 5, 2006 on the Federal Financial Budget (specifically Art. 64a – 64d FBO; SR *611.01*)
- Ordinance of November 25, 1998 on the Organisation of the Government and the Federal Administration (specifically the Appendix to the GAOO; SR *172.010.1*)
- Organisation Ordinance of June 14, 1999 for the Federal Department of Economic Affairs (specifically Art. 15a – 15b OrgO-FDEA)

Accounting standards

The financial statements are prepared in accordance with the International Public Sector Accounting Standards (IPSAS). There are clear benefits in adopting standardized rules as a means of ensuring transparency and continuity in the preparation of accounts and financial reporting. The convergence of IPSAS with the International Financial Reporting Standards (IFRS) used in private sector accounting facilitates the assessment of consolidated financial statements. Any differences relative to IPSAS are disclosed and explained in the notes to the annual financial statements.

General

The consolidated annual financial statements are based on the separate accounts of the entities comprising the group of consolidated entities for the year ended December 31, which are prepared in accordance with standardized rules ("Consolidation Manual"). The sole exception is the Federal Institute of Intellectual Property, which presents its accounts for the year ended June 30. For the consolidated financial statements, it issues interim statements as of December 31.

Estimates

The federal consolidated financial statements contain assumptions and estimates which affect the reported financial position and financial performance. These assumptions and estimates were based on the best information available at the time they were made. Because of uncertainties related to these assumptions and estimates, the assets or liabilities concerned may need to be adjusted in future periods. Estimates in relation to provisions have the most significant effect on the consolidated financial statements.

Provisions are made where there is a third-party liability as a result of past events and the amount of such liability can be estimated reliably. Provisions are made to cover a range of potential events. Further information on significant provisions is set out in the notes. By definition, significant provisions require a higher degree of estimation than other statement of financial position items, since the amount of the liability in question will depend on future events.

Basis of consolidation

The consolidated financial statements include all entities within the group (excluding significant interests) on a *full consolidation basis*. Assets and liabilities as well as expenses and revenue are therefore recognized in full. Minority interests in net assets and in income are shown separately in the statement of financial position and statement of financial performance. All intra-group liabilities, balances, expenses and revenue are eliminated on consolidation. Unrealized interim gains on inventories or fixed assets are eliminated from the statement of financial performance by the process of consolidation.

Significant interests are accounted for in the consolidated annual financial statements using the *equity method.*

The consolidated annual financial statements are presented in Swiss francs (CHF), rounded to the nearest million.

2 Accounting principles

Accounting standards

Two accounting bases are used in the preparation of the financial statements:

- *Accrual basis:* a basis of accounting which allocates revenue and expenses to the period in which they actually occur. The time at which the relevant goods or services were received or supplied is determinative. Under the accrual method, items are therefore brought to account as they are earned or occur and recognized in the financial statements for the accounting periods to which they relate.

- *Going concern basis:* the financial statements are prepared on the assumption that the federal government and the group of consolidated entities are a going concern and will continue in operation. The financial statements are therefore prepared on a going concern basis and not on the basis of realizable value.

The following accounting principles also apply:

a. *Materiality:* all information that is material to an overall assessment of the financial position and financial performance must be disclosed.

b. *Understandability:* the information presented must be clear and understandable.

c. *Consistency of presentation:* the presentation of accounts and accounting methods should, as far as possible, be retained over time from one period to the next.

d. *Offsetting:* according to the offsetting principle, assets and liabilities, and revenue and expenses, should not be offset.

Pursuant to Article 64c (1) of the Financial Budget Ordinance (FBO), the federal consolidated financial statements have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS). Treatment may differ from IPSAS requirements where there are legitimate grounds for so doing. Such differences are disclosed in Appendix 3 to the FBO.

All differences relative to IPSAS are reported and explained below.

Differences relative to IPSAS

There are no changes relative to the financial statements for 2009.

Difference: advance payments on goods, defense equipment and services are recognized as expenses rather than transactions on the face of the statement of financial position.

Reason: statutory requirements in relation to lending and borrowing require advance payments to be recognized in the parent entity's statement of financial performance.

Result: transactions are not reported on an accrual basis. Expenses are recognized in the statement of financial performance at the time the advance payment is made rather than when the service is supplied.

Difference: revenue from direct federal tax is recognized at the time of payment by the cantons of the Confederation's share of the revenue (cash accounting).

Reason: the information required for reporting transactions under the accrual accounting method is not available at the time the annual financial statements are prepared.

Result: use of the accrual basis is impracticable.

Difference: revenue from military service exemption tax is recognized at the time of payment by the cantons (cash accounting).

Reason: the information required for reporting transactions under the accrual accounting method is not available at the time the annual financial statements are prepared.

Result: use of the accrual basis is impracticable.

Difference: notwithstanding IPSAS 25, employee retirement benefits and other long-term employee benefits which are subject to accounting requirements are disclosed as contingent liabilities in the notes to the annual financial statements.

Reason: no employee retirement benefits are recorded due to unresolved issues relating to the funding of various pension funds of the federal entities.

Result: changes in employee retirement benefits and other long-term employee benefits are not recognized in the statement of financial performance. The relevant liability is not shown on the statement of financial position, which means the reported accumulated deficit is too low.

Difference: revenue due to Switzerland generated by the EU retention tax is recorded on a cash accounting basis.

Reason: the information required for reporting transactions under the accrual accounting method is not available at the time the annual financial statements are prepared.

Result: use of the accrual basis is impracticable.

Difference: premiums and discounts on government bonds are netted and recorded as expenses or reductions in expenses.

Reason: due to the difficulty of budgeting for these items, they are recognized net in the statement of financial performance.

Result: changes in premiums and discounts are not shown gross in the statement of financial performance. However, premiums and discounts are presented gross in the statement of financial position.

Difference: defense equipment that satisfies the accounting criteria defined is not capitalized.

Reason: unlike military buildings, military equipment is not capitalized. This solution is in line with the IMF Government Finance Statistics Manual (GFSM2001).

Result: defense equipment expenses are recorded at cost and not over the period of the useful life.

Difference: carrying amounts are not recorded by task area in the segment reporting.

Reason: the segment reporting comprises both the statement of financial position and statement of financial performance. It is impracticable to record carrying amounts by segment task area in the transfer budget.

Result: assets and liabilities are not stated proportionately by task area.

Difference: the group of consolidated entities is not defined on the basis of control criteria.

Reason: the entities consolidated on a full consolidation basis are defined in accordance with Article 55 FBA. Significant interests, where the Confederation holds a majority stake, are consolidated according to the equity method.

Result: some controlled entities are not fully consolidated.

Difference: the equity values of significant interests are based on the separate financial statements prepared in accordance with their applicable accounting standards and not on the accounting standards used for the federal consolidated financial statements.

Reason: significant interests are valued in the same way in both the federal financial statements and federal consolidated financial statements.

Result: the reported value of significant interests does not correspond to the value that would have been recognized had it been calculated in accordance with the accounting standards applying to the federal consolidated financial statements.

Additional comments
Certain transactions may not be fully recorded on an accrual basis because of the information available and the lack of a reliable baseline. Accordingly, there are no accruals in the statement of financial position with respect to the following:

- *VAT and beer tax revenue:* revenue realized in the months October through December is accounted for and collected in the following year. Although a 12-month period is recorded in the statement of financial performance, this period does not coincide with the calendar year.
- *Heavy vehicle charge:* revenue from the mileage-related heavy vehicle charge on domestic vehicles is accounted for and collected with a two-month delay. Although a 12-month period is thus recorded in the statement of financial performance, this period does not coincide with the calendar year.
- *Development cooperation:* the Confederation may be committed to investing in development projects over a number of years. All credit facilities required to implement long-term projects are requested in the period in which the liability is incurred. As a result, all funding contributions made in the first year are recognized as an expense. The annual tranches drawn down (actual decrease in value) are recorded in the statement of financial position.

Supplementary standards
In the absence of a specific IPSAS, the following supplementary standards are applied (Appendix 3 FBO, SR *611.01*):

Subject matter: valuation of financial instruments in general.

Standard: Guidelines of the Swiss Federal Banking Commission (now FINMA) governing the accounting standards prescribed in Articles 23 to 27 of the Banking Ordinance of December 14, 1994 ("SFBC Guidelines"), as amended March 25, 2004.

Standard: International Accounting Standards (IAS) 39, Financial Instruments: Recognition and Measurement.

Subject matter: strategic positions involving derivative financial instruments.

Standard: section 23 b of the SFBC Guidelines, as amended December 31, 1996.

Standard: International Accounting Standards (IAS) 39, Financial Instruments: Recognition and Measurement.

Subject matter: measurement of intangible fixed assets.

Standard: International Accounting Standards (IAS) 38, Intangible Assets.

Published standards not yet applied

New International Public Sector Accounting Standards not coming into effect until a later point in time were published before the reporting date:

- IPSAS 27 new – *Agriculture*. The new standard, which entered into effect on April 1, 2011, is drawn from IAS 41. It describes the accounting treatment of agricultural activity and the associated disclosure requirements. From today's standpoint, this standard will not have a significant impact on the consolidated financial statements.

- IPSAS 28 new – *Financial Instruments: Presentation;* IPSAS 29 new – *Financial Instruments: Recognition and Measurement;* IPSAS 30 new – *Financial Instruments: Disclosures*. The three new standards are drawn from IAS 32, IAS 39 and IFRS 7. IPSAS 15 will be replaced upon entry into force on January 1, 2013. Moreover, application of the Banking Ordinance (Arts. 23-27) as a supplementary standard will cease from that date. The most important material differences relative to IAS/IFRS concern financial guarantees and concessionary loans. At the present time, it is not possible to assess the implications for the consolidated financial statements with sufficient certainty.

- IPSAS 31 new – *Intangible Assets*. The new standard is drawn from IAS 38 and entered into effect on April 1, 2011. It prescribes the accounting treatment for intangible assets. The state's right to levy taxes does not come under intangible assets. From today's standpoint, this standard will not have a significant impact on the consolidated financial statements.

Accounting and valuation principles

The accounting and valuation principles set out below are based on the applicable accounting principles.

Foreign currencies
The consolidated annual financial statements are presented in Swiss francs (CHF).

Monetary assets and liabilities denominated in foreign currencies are translated using the closing rate of exchange on the reporting date and any exchange differences recognized in surplus or deficit.

Recognition of revenue
Revenue is recognized at the time the goods or services are supplied.

Where the services extend beyond the fiscal year-end, revenue is classified as a prepayment. Where a specific time or date is material (e.g. a specific decision or authorization), revenue is recorded when the service is supplied or the decision takes effect.

Recognition of tax revenue
Direct federal tax is recorded on a cash accounting basis based on the amounts of tax received during the fiscal year. Tax is shown gross, i.e. gross revenue is reported before deducting the cantons' share of the revenue, while the relevant cantonal shares are recognized separately as an expense. Revenue pending in the years following any potential abolition of direct federal tax is shown as a contingent asset.

Value added tax revenue is calculated on the basis of receivables recorded on statements (including supplementary statements, credit advices, etc.) during the fiscal year.

Stamp duty is recorded on the basis of tax returns received during the fiscal year.

Withholding tax is calculated on the basis of tax returns received, statements issued and applications for refunds. Applications for refunds received by January 10 of the following year, or which are expected by this date based on individual claim assessments exceeding 100 million, are accounted for on an accrual basis and deducted from revenue. Tax returns in excess of 100 million which are received or expected by January 10 of the following year are recorded as receivables. Provision is also made for refund applications still outstanding at the end of the year.

Revenue from mineral oil tax, tobacco duty, automobile duty, import duties, mileage-related heavy vehicle charges (foreign vehicles) and lump-sum heavy vehicle charges are recognized on an accrual basis in respect of taxable economic activities.

Beer tax revenue is recorded on the basis of tax returns received, with a delay of one quarter.

Revenue from motorway tax and the mileage-related heavy vehicle charge (domestic vehicles) is recorded upon receipt of the relevant statements. As a result, the revenue from the mileage-related heavy vehicle charge on domestic vehicles is recognized with a delay of up to two months.

Revenue from incentive fees (VOC, "extra-light" heating oil, petrol and diesel oil with a sulphur content, contaminated site tax, CO_2 tax on fuel) and casino tax are allocated to funds in liabilities and thus not recognized in the statement of financial performance.

Subsidy accruals and deferrals
Subsidy accruals and deferrals are made if the subsidy is in a legal form prescribed in Article 16 of the Federal Act of October 5, 1990 on Financial Aids and Grants (Subsidies Act [SubA], SR *616.1*) and is legally binding, i.e. it has been granted by way of an official decision or under contract, and the beneficiary has performed all (or part) of the obligation or service eligible for the subsidy.

Accruals and deferrals are required where the payment is made in a later reporting period than the period in which both of the aforementioned requirements have been satisfied (termed “retroactivity”).

Cash and cash equivalents
These consist of cash and cash equivalents with original maturities of three months or less (including fixed-term deposits and financial investments). They comprise highly liquid investments that can be readily converted into known amounts of cash and are valued at nominal value.

Receivables
Receivables are carried at original invoice amount, less allowances for doubtful receivables, chargebacks and cash discounts. Allowances are based on the difference between the receivable value and the estimated net recoverable amount.

Non-current, non-interest-bearing receivables exceeding 100 million in value per transaction are discounted and carried at their present value. An actuarial model is used to measure receivables from Swiss Export Risk Insurance (SERV).

Financial investments
Where there is the positive intent and ability to hold financial assets to maturity, financial investments with fixed maturity are classified as “held to maturity” and recognized at amortized cost using the effective interest method. The effective interest method distributes the difference between historical cost and the repayment amount (premium/discount) over the term of the asset in question using the discounted cash flow method. This results in a constant rate of interest until maturity.

Financial investments acquired with the aim of achieving short-term gains by making targeted use of market price fluctuations are recognized as financial assets at fair value, i.e. they are classified as “held for trading”. Fair value changes in this category are recognized in the statement of financial performance.

Other financial investments, which are held for an indefinite period and can be sold at any time for liquidity reasons or in response to changing market conditions, are classified as “available for sale”. These assets are stated at the lower of cost or market, i.e. they are recognized at historical cost or market value, whichever is less. Changes in fair value below cost are recognized in the statement of financial performance. Changes in fair value above cost are not recognized.

Derivative financial instruments
Derivative financial instruments may be used for three different purposes: trading, hedging and holding strategic positions.

Trading positions are measured and recognized at fair value. Changes in fair value are recognized in the statement of financial performance. In the absence of any market prices, fair values are determined on the basis of valuation techniques.

Hedge accounting is applied to foreign currency hedges (forward and futures contracts and options). These derivative financial instruments are presented at fair value in the statement of financial position. Hedging transactions that do not meet the conditions to qualify for hedge accounting are treated as instruments held for trading. Any over-hedged positions are also recognized as instruments held for trading.

Derivative financial instruments may be recorded as strategic positions and are presented at fair value in the statement of financial position. Interest payments are allocated pro rata temporis to the relevant accounting periods. Any changes in the fair value of strategic derivative financial instruments (currently CHF interest rate swaps) are stated at the lower of cost or market. Changes in fair value due to fluctuations in market prices above cost are reported in the statement of financial position. Changes in fair value due to fluctuations in market prices below cost are recognized directly in the statement of financial performance in accordance with the principle of prudence. If the derivative financial instrument is closed out or sold early, or upon expiration of the instrument, any sale proceeds and changes in fair value from previous accounting periods (compensation account balance) are recognized directly in the statement of financial performance. Changes in fair value from earlier accounting periods which are not fully accounted for on an accrual basis are aggregated and accrued over the original life of the derivative.

Inventories
Inventories are measured at the lower of cost (including production overheads) or net realizable value. The historical or total production cost for major inventory items is determined using the moving average method. Standard prices are used where these approximate the actual historical or total production cost. Appropriate impairments are recognized for inventories that are not easily marketable.

Work in progress arising in relation to services
Work in progress arising in relation to services and research projects is recognized based on their percentage of completion.

For major work in respect of which a clearly defined, realizable result is owed, the total project revenue agreed is allocated to specific calendar years by reference to the stage of completion determinable for the year. Expenses are recognized in the period in which they are actually incurred, with a percentage gain presented for each period and reflected in the statement of financial performance. Foreseeable losses are recognized in the period in which they are identified.

Project revenue arisen in respect of major work is recognized as a liability where a third-party sponsor has approved the use of external funds for a specific purpose without expecting any equivalent consideration. Expenses accrued in a given year are recognized in the statement of financial performance on an ongoing basis. At year-end, expenses are withdrawn from the project suspense account and are thus neutralized in terms of financial performance. Any gain is recognized in financial performance only on completion of the project. Foreseeable losses are recognized in the period in which they are identified.

Projects involving ongoing costs which are funded by third parties or co-funded by the federal government parent entity are generally recognized in the statement of financial performance. In the case of third-party investments, the funds are recorded as a liability and proportionately amortized to income throughout the useful life of the capital asset funded. Alternatively, provided the criteria set out in Article 63 FBO are satisfied and the required authorization is obtained, third-party funds and co-financing may be recorded exclusively in the statement of financial position.

Loans for the discharge of public functions
Loans for the discharge of public functions are measured at the lower of nominal or market value.

In the absence of any market value, impairment losses on loans for the discharge of public functions are estimated annually based on criteria such as credit rating, collateral value and the terms of repayment.

Loans for the discharge of public functions with restrictive terms of repayment are written off in full (100%) at the time they are granted and recognized in financial expense.

Where the term of a loan for the discharge of public functions exceeds five years, the nominal loan value is greater than 100 million, and the interest payable on the loan is not on market terms, the loan is discounted and the relevant amount written off.

Investment contributions
Investment contributions paid to third parties are not recognized or measured but written down as transfer expenses in the year in which they are made.

Financial interests
Significant interests are accounted for using the equity method. An interest is deemed to be significant if the Confederation holds an interest of 20% or more in an investment valued at over 100 million based on the equity method. When there is an indication that the value of an asset may not be fully recoverable, its fair value less cost to sell is estimated based on the future cash flows expected to result from the use of the asset and its potential sale. If the carrying amount of the asset is greater than its net realizable value and value-in-use, an impairment loss for the difference is recognized. The values shown using the equity method are generally based on the applicable financial statements as of September 30. In this respect, the accounting policies applying to significant interests differ somewhat from the accounting policies applying to the federal consolidated financial statements. For example, whereas employee benefits are reported as contingent liabilities in the notes to the consolidated financial statements, they are recognized in the statement of financial position in the annual financial statements for significant interests. A further difference can be identified in respect of investments. Alongside market criteria, the service potential is also factored into valuations of investments in the federal consolidated financial statements. This type of valuation method is not used in respect of significant interests.

Other financial interests are recognized at cost net of any impairments required. Impairments may be calculated on the basis of net asset value or capitalized income value.

Other financial interests valued in accordance with the equity method in the separate financial statements are not revalued for the purposes of the federal consolidated financial statements. Any sub-groups of consolidated entities used by entities in the federal consolidated financial statements are retained.

Tangible fixed assets
Tangible fixed assets are valued at cost and depreciated on a straight-line basis over the estimated useful life of the asset through charges reflected in the statement of financial performance.

Land	None
Buildings, motorways	10 – 50 years
Operating/storage facilities, machines	4 – 10 years
Furniture, vehicles	4 – 12 years
IT facilities	3 – 7 years

Any property entirely used by third parties is classified as an investment property. Marketable investment properties are measured at cost, while non-marketable buildings that are not owner-occupied have a token value of 1 franc. Most properties that are neither owner-occupied nor marketable are buildings included in the housing stock of armasuisse Immobilien which are no longer needed due to army reforms.

Capitalized tenant fixtures and installations on leased premises are depreciated over the shorter of the lease term or their estimated useful life.

Buildings comprising items of property with differing periods of useful life are not recorded or depreciated separately. This is taken into account in determining the depreciation period.

Other investments that extend the economic benefit of a tangible fixed asset are capitalized. Costs incurred solely on repair and maintenance are recognized as expenses.

The residual values of assets are reviewed annually. If there is any indication of impairment, impairment tests are carried out and any impairment charge reflected in the statement of financial performance.

Intangible fixed assets
Intangible fixed assets acquired or created are valued at cost and amortized on a straight-line basis over their estimated useful life, as indicated below, through charges reflected in the statement of financial performance:

Software (purchases, licenses, developments)	Life or contractual license term
Licenses, patents, rights	Contractual license term

The impairment of intangible fixed assets is always tested if it appears that the carrying amounts may be too high owing to changed circumstances or other events.

Works of art
Works of art are not capitalized in the statement of financial position. The Federal Office of Culture keeps an inventory of all items in the Confederation's possession. The works of art are used to decorate Swiss embassies and consulates abroad as well as important Federal Administration buildings in Switzerland. The most valuable works of art are on loan from the Confederation and exhibited in various Swiss museums. The design works are on loan from the Confederation and deposited with the Museum of Design in Zurich, and the photographs are lent by the Confederation and made available to the Swiss Foundation of Photography in Winterthur.

Leasing
Assets acquired under leasing agreements which transfer the risks and rewards incidental to ownership from the lessor to the lessee (finance leases) are classified as non-current assets of the relevant category. Assets acquired under a finance lease are initially recognized at the fair value of the leased asset or the net present value of future non-cancelable lease payments at the inception of the lease, whichever is lower. On the liabilities side, this same amount is recognized as a finance lease liability. Leased assets are depreciated over the shorter of their estimated useful economic life or the lease term, where the transfer of ownership at the end of the lease is not certain.

Leases where the lessor retains some or all of the risks and rewards incidental to ownership are classified as operating leases. The associated expenses are recognized directly in the statement of financial performance.

Impairments
The impairment of tangible and intangible fixed assets is always tested if it appears that the carrying amounts may be too high owing to changed circumstances or other events. When there is an indication that the value of an asset may not be fully recoverable, its fair value less cost to sell is estimated based on the future cash flows expected to result from the use of the asset and its eventual sale.

If the carrying amount of the asset is greater than its net realizable value or value-in-use, an impairment loss for the difference is recognized.

Provisions
Provisions are recognized where a liability has arisen from a past event, an outflow of resources will probably be required to settle that liability, and the amount of the liability can be reliably estimated (e.g. remediation of contaminated sites). Where it is unlikely that an outflow of resources will be required (< 50%) or the amount cannot be estimated reliably, it is disclosed as a contingent liability.

A provision for restructuring costs is recognized only when a detailed formal plan for the restructuring has been presented, the plan has been communicated, and the level of costs can be measured with sufficient reliability.

The Confederation (parent entity) is its own insurer. A provision is recognized only for anticipated expenses from losses incurred. No provision is recognized for potential future losses.

Trade payables
Trade payables are carried at nominal value.

Financial liabilities
Financial liabilities comprise financial debts arising from money market paper, amounts due to banks, other third-party liabilities, bond issues, and negative replacement values for derivatives.

Financial liabilities are generally stated at nominal value except for negative replacement values for derivatives, which are measured at fair value.

Restricted funds
Restricted funds are stated at nominal value and attributed to liabilities or net assets/equity, depending on the type of fund and its economic value.

Restricted funds are recognized in net assets/equity insofar as the law expressly provides for flexibility in the use of the fund or the time at which it may be used. Other restricted funds are recognized in liabilities.

Revenue and expenses relating to restricted funds in liabilities are recognized in the statement of financial performance. At year-end, revenue and expenses relating to restricted funds in liabilities are recognized in net deposits or net revenue without recognition in the statement of financial performance. Restricted funds in net assets/equity are not offset at year-end. Credit and debit transactions are made by recognizing a transfer within net assets/equity.

Special funds
Special funds are third-party funds granted to the Confederation subject to certain conditions, or inflows of funds from budget items pursuant to statutory provisions. The Federal Council defines how the funds should be administered subject to the applicable conditions.

Special funds are attributed to liabilities or net assets/equity depending on their economic value. They are recognized in net assets/equity in those cases where the relevant administrative unit is largely free to determine how and when the funds are to be used. Other special funds are recognized in liabilities.

With the exception of the ETH Domain, expenses and revenue from special funds are not recognized in the statement of financial performance.

Reserves from global budget
MPM administrative units have the option to create reserves and subsequently use these reserves to fund activities, provided such activities are consistent with the objectives of their performance mandate (Art. 46 FBA).

Restricted reserves may be created where loan facilities are not drawn down immediately or only partly drawn down due to project delays. Such reserves may be used only for the projects for which they were created.

Subject to meeting their performance objectives, MPM administrative units may create general reserves provided they have generated net additional revenue by providing additional, non-budgeted services, or their expenses are lower than the budgeted amount.

The creation and appropriation of reserves are recognized within net assets/equity.

Risk-bearing capital and core capital (SERV)
Risk-bearing capital is used to cover the underwriting risks of Swiss Export Risk Insurance (SERV). Core capital provides a buffer against the risk of deterioration in the quality of SERV's portfolio and is intended to fund the expansion of business.

Revaluation reserve
Assets measured at fair value are revalued periodically. Any changes in value (increments or decrements) are reflected in the revaluation reserve.

If the value of an asset declines on revaluation, the relevant reserve amount, where applicable, must be reduced first. Once the revaluation reserve is utilized in full, a corresponding entry is made in the statement of financial performance.

Employee retirement benefits and other long-term employee benefits
"Employee retirement benefits and other long-term employee benefits" include pensions, termination benefits and vested long-service benefits. These obligations are measured in accordance with IPSAS 25. In contrast to the static method of accounting for employee benefits under Swiss pensions law, vested employee benefits are measured on a basis to reflect future changes in salary and pension levels, applying the "substance over form" approach in IPSAS 25.

Obligations are measured on the basis of actuarial assumptions about demographic variables such as mortality, disability, rates of employee turnover or technical interest rates.

Notwithstanding IPSAS 25, employee retirement benefits and other long-term employee benefits are not recognized as liabilities in the statement of financial position. Instead, they are shown as contingent liabilities in the notes to the annual financial statements.

Provisions are made at the end of the year for accrued but unclaimed vacation entitlement, leave days and other daily balances, as well as unclaimed flextime, overtime and other time credits.

3 Risk situation and risk management

The consolidated entities of the Confederation are exposed to various risks, whose occurrence can jeopardize the achievement of objectives and fulfillment of tasks. These risks should be identified, analyzed and evaluated as soon as possible in order for the necessary measures to be taken in a timely manner. Risk management is a management tool. It is integrated into the business and management processes of the entities included in the consolidation scope.

Managing risks

Risks refer to events and developments that have a certain likelihood of occurring and would have significant negative financial and non-financial repercussions (e.g. reputational damage, malfunctions regarding government and administration activity, etc.). Uniform rules are used for identifying, analyzing, evaluating, managing and monitoring risks. Risk management is designed in accordance with current standards. A distinction is made between the following categories:

- Financial and economic risks
- Legal risks
- Property and technical risks, and natural hazards
- Risks relating to human error or moral hazard, and organizational risks
- Technological and scientific risks
- Social and political risks

The entities are responsible for implementing risk management. The Federal Finance Administration (FFA) and the General Secretaries Conference fulfill important coordination functions for the central Federal Administration in risk management. By issuing guidelines and providing training, the FFA ensures the most uniform possible implementation of risk management. The General Secretaries Conference is responsible for consolidating and prioritizing risks at Federal Council level, and conducts a completeness check. The decentralized administrative units, in contrast, independently take the necessary measures in their areas to safeguard the Confederation's assets, ensure that funds are lawfully appropriated, and identify and/or prevent errors and irregularities.

In contrast to the other entities, the Confederation as parent entity is its "own insurer" (cf. Art. 50 (2) FBO). Potential losses and liability risks are covered by third-party insurance only in special cases.

Risk management mechanisms and measures

The consolidated entities of the Confederation manage their risks using "avoid", "reduce" and "finance" strategies. However, there are tasks that can be accomplished only by accepting risks, and refraining from task fulfillment in these cases ("avoid" strategy) is generally out of the question. Consequently, the risks can only be kept as small as possible ("reduce" strategy).

Systems are in operation to manage and monitor risks at an organizational level (e.g. dual control principle), technical level (e.g. fire safety systems) and legal level (contractual safeguards, amendments to the law), or in relation to human resources (e.g. continuing professional development). The efficacy of these management and monitoring systems is reviewed on a regular basis and improvements made where necessary. These systems are fully integrated into business processes.

The risk management process is also facilitated by the internal control system (ICS). Unlike the risk management system, the ICS focuses only on operating risks and not strategic risks. However, there is some overlap between the two areas.

Risk situation

Risks arise directly or indirectly from the tasks and activities assigned under the Constitution and by law.

On the one hand, entities can suffer damage to their own assets. On the other hand, they may be exposed to liability risks vis-à-vis third parties or risks in connection with outsourced organizations that discharge public functions. In general, the entities are liable for any damages caused by employees within the scope of performing their duties. They may also be liable in respect of compensation claims relating to breaches of regulatory duty. The risks are primarily financial and economic risks, legal risks, property and technical risks, and natural hazards. Particular importance is attached to information and communication technology risks (ICT risks) and the implications of the bank and financial market crisis (too big to fail), as well as the ongoing tax dialog with the EU.

Risk disclosure

The risk disclosure statements submitted to the Federal Council are not published. The extent to which risks are disclosed varies depending on the type of risk involved.

- Risks that have arisen from past events and that will probably require a future outflow of funds are recognized as liabilities or provisions in the statement of financial position.

- Events with a high, quantifiable risk of occurrence are recorded under contingent liabilities.

Internal processes ensure that the above risks are taken into account in the annual financial statements.

42 Explanations concerning the consolidated financial statements

1 Tax revenue

CHF mn	Financial statements 2009	Financial statements 2010	Deviation vs. FS 2009 Absolute	%
Tax revenue	**57 298**	**58 047**	**749**	**1,3**
Direct federal tax	17 877	17 886	9	0,1
Withholding tax	5 280	4 323	-957	-18,1
Stamp duty	2 806	2 855	49	1,7
Value added taxes	19 830	20 673	843	4,3
Other consumption taxes	7 570	7 892	322	4,3
Misc. tax revenue	3 935	4 418	483	12,3

Direct federal tax

Direct federal tax receipts totaled 17.9 billion, exceeding their record prior-year level by 9 million.

Taxes on the income of natural persons rose to 10 billion, up by a modest 1.0%, or 103 million, on the previous year. *Taxes on the net revenue of legal entities* were 8.1 billion, down 0.9%, or 69 million, on the previous year.

The strong result for direct federal tax was driven in no small measure by the dynamic development of due dates. These advance payments of tax (e.g. tax deducted at source, advance payments by installment) were up around 30%, or 350 million, on their prior-year level.

The Confederation's share of the *flat-rate tax credit* for foreign withholding tax has had the effect of reducing revenue. This share amounted to 182 million during the year under review. The cantons have a 17% share in direct federal tax receipts, before deduction of the flat-rate tax credit.

Withholding tax

Withholding tax revenue is measured by the difference between tax receipts and tax refunds, and has fluctuated significantly for years. In 2010, high levels of withholding tax receipts were generated for the sixth consecutive year, although they were down year-on-year. The fact that receipts have remained high suggests that the better-than-expected withholding tax revenue levels are due to structural reasons.

Revenue decreased significantly by 957 million (-18.1%) to 4.3 billion compared with 2009. This decrease can be explained by the fact that most of the revenue was generated during the 2009 recession.

The percentage of refunds relative to receipts amounted to 81.9%, compared with 81.6% in 2009. Given the high receipt levels and based on the estimated volume of pending refund requests, the provisions for this purpose were increased by 400 million to 9.3 billion.

Stamp duty

Stamp duty revenue increased slightly (+49 mn) following a sharp decline in 2009. However, this increase masks a number of opposing developments. While revenue from the issue tax on bonds and money market paper rose sharply (+186 mn), revenue from the issue of participation rights declined (-79 mn). Revenue from the transfer stamp tax on foreign securities (-59 mn) was down for the second year running.

Stamp duty is highly dependent on the performance of international stock markets. *Transfer stamp tax* (1,417 mn), which accounts for just under half of stamp duty revenue, is levied mainly on exchange-traded securities. The gradual economic recovery underway since the spring of 2009 is still vulnerable to setbacks. Amidst the ongoing uncertainty, taxable transactions decreased again overall, resulting in lower levels of transfer stamp tax receipts year-on-year (-55 mn). In contrast, despite fewer new issues of participating rights, *issue tax* revenue (779 mn) rose sharply (+107 mn) due to the substantial increase in the volume of bonds issued by Swiss issuers against the backdrop of historically low interest rates. These additional receipts largely compensated for the decline in transfer stamp tax. At 659 million, receipts from *insurance premium stamp duty* were on a par with the previous year's level.

Value added taxes

At 20.7 billion, value added tax revenue was up 843 million, or 4.3%, on the previous year. Allowing for receipt losses induced by Part A of the VAT reform, which took effect on January 1, 2010, the increase was even more significant. The growth in receipts therefore outstripped GDP growth, indicating a catch-up effect following the sharp decline in receipts seen in 2009.

A total of 3.9 billion of aggregate value added tax receipts has been earmarked for health insurance (884 mn), old age and survivors' insurance (AHV) (2,257 mn), the federal share in AHV percent (462 mn), and the fund for major railway projects (318 mn).

Receipts are presented on an accrual basis, which means that previously issued invoices are recognized as receipts, even though pending receivables may not be recovered in full. As a result, losses on receivables are also accounted for and recorded as expenses. These amounted to 167 million in 2010.

Other consumption taxes

Revenue from other consumption taxes increased on the back of strong growth in tobacco duty revenue, which was curbed by the decrease in mineral oil tax receipts.

Mineral oil tax and the *mineral oil surtax on fuel* (5.1 bn) receipts were slightly less than in 2009 (-46 mn), due mainly to the strong Swiss franc, which generally results in lower receipts from fuel tourism. The decline in receipts from *mineral oil tax on fossil fuels* to 20 million (-14%) was steeper than expected. Alongside the three-fold increase in CO_2 tax, the diminishing importance of heating oil as a fuel was a factor in this development.

Tobacco duty revenue (2.4 billion) rose sharply despite ever dwindling sales. The 370 million increase was caused by non-recurring refunds relating to duty-free merchandise following the introduction of bonded warehouses in 2009 and 2010. The equivalent decreases in receipts were significantly higher in 2009, at 340 million, than in 2010 (57 mn). Adjusted for this special factor, tobacco duty receipts increased by 3.6%, boosted by the incremental increase in industry prices of CHF 0.20 per pack (including CHF 0.05 in tax). In addition, the higher sales figures and associated above-average tax receipts in the last quarter were attributable to the announced tax increase on cigarettes as of January 1, 2011.

Revenue from *alcohol tax* (290 mn) and *beer tax* (112 mn) was in line with prior-year levels.

Miscellaneous tax revenue

The total figure for miscellaneous tax revenue was significantly higher than the prior-year value, due primarily to the sharp increase in CO_2 tax. But even excluding CO_2 tax, the 3% revenue increase was higher than in 2009. Revenue from automobile duty, heavy vehicle charge, and import duties all increased markedly, while casino tax decreased again.

In terms of *transportation taxes* (2.2 bn), the increase in automobile duty (+61 mn to 373 mn) was particularly pronounced. Automobile imports picked up significantly in 2010, after a sharp decline in 2009. Around 330,000 vehicles were imported over the course of the year, 21% more than in 2009. Automobile duty thus climbed to its highest level since 1997, the year in which it was introduced. The economic recovery also impacted positively on mileage-related heavy vehicle charges (1,490 mn). Revenue was up on 2009 levels in relation to both domestic and foreign vehicles. Revenue from motorway tax (347 mn) was in line with prior-year levels. Domestic sales of motorway tax stickers, which account for just under three-fifths of total revenue, increased in line with vehicle growth. However, revenue on foreign vehicles was adversely affected by exchange rates and economic conditions.

After a tentative start, revenue from *import duties* picked up significantly from mid-2010 (+46 mn), reaching its highest level since 1996 (1,079 mn). Despite receipt losses precipitated by the new free trade agreements with Japan and Canada, customs revenue in the industrial sector increased overall, while receipts from the agricultural sector continued to decline. The relevant customs revenue (590 mn) has been credited to a special financing facility to fund the implementation of accompanying measures in the agri-food sector relating to free trade agreements with the EU or WTO.

Casino tax is levied on gross gaming revenue generated by casinos (tax rate 40–80%). Revenue is recorded as restricted receipts appropriated to the AHV compensation fund. Gross gaming revenue and, by extension, tax revenue (381 mn) were quite significantly down on the previous year (415 mn). The decisive factors in this decline were the ban on smoking in public places and intensified competition with foreign casinos. The economy also had a dampening effect.

CO_2 tax on fuel is the most important source of *incentive fee* revenue. Receipts rose to 589 million, up 372 million year-on-year. Because CO_2 emissions in 2008 exceeded 86.5% of 1990 levels, falling short of the reduction target set by parliament, the tax rate was increased from CHF 12 to CHF 36 per tonne of CO_2 at the beginning of 2010. One-third of revenue was appropriated for energy efficiency measures in the construction sector and for a building renovation program to benefit both individuals and businesses. Two-thirds of CO_2 tax has been redistributed to families and companies. Volatile organic compound (VOC) incentive fees account for 123 million of other tax receipts and contaminated site tax 36 million.

2 Service revenue

CHF mn	Financial statements 2009	Financial statements 2010	Deviation vs. FS 2009 Absolute	%
Service revenue	**2 141**	**2 120**	**-21**	**-1,0**
Military service exemption tax	148	155	7	4,7
Fees	324	327	3	0,9
Revenue from exchange trans. - royalties/services	152	152	–	–
Sales	210	192	-18	-8,6
Reimbursements	193	131	-62	-32,1
EU taxation of savings income	166	120	-46	-27,7
Insurance revenue (SERV)	70	67	-3	-4,3
Second-party resources & third-party funds (ETH Domain)	357	406	49	13,7
Other service revenue	521	570	49	9,4

Service revenue declined slightly in 2010 compared with the previous year. A number of different trends are evident within the individual positions.

Revenue from *military service exemption tax* is based on the net effective income of those subject to the tax for 2009. The additional revenue relative to 2009 was attributable on the one hand to the greater number of taxable persons, while on the other their income and thus the average level of exemption tax rose. The increase in the minimum tax as of January 1, 2010 will have an impact on revenue only from 2011 onward.

The slight increase in *fees* was attributable to two contrasting developments. While in most areas an increase in revenue was evident (+14 mn), there was a decline in visa fees due to the elimination of the requirement to obtain a visa for certain countries as well as in the area of confiscated assets (-11 mn).

The 2010 revenue from *sales* was down on the 2009 equivalent due to lower defense revenue. This was the result of lower fuel sales to third parties and lower receipts from meals and canteen sales.

Revenue from *reimbursements* was also lower than in 2009. The final account of the Central Compensation Office for contributions to AHV, IV and family allowances in agriculture was 29 million lower than in 2009. In addition, two items in 2009 that did not recur in 2010 were the proceeds from the liquidation of the Swiss Cheese Union (14 mn) and the repayment from the potato industry promotion fund Swisspatat (16 mn).

Revenue from the *EU taxation of savings income,* which entered into force in 2005 as part of the second series of bilateral negotiations, also declined. This retention tax is applied in Switzerland to the interest income of natural persons domiciled in an EU member state. 75% of this income is paid out to EU recipient states, while a quarter is retained by Switzerland to cover the collection costs. The cantons have a 10% share in the Swiss portion. In the year under review, the retention tax was calculated on the basis of 2009 interest income. There was a significant decline in income relative to the previous year. The increase in the tax rate from 15% to 20% as of July 1, 2008, which had an impact over an entire calendar year for the first time, did not translate into higher receipts. The decline in receipts in 2010 was attributable to the fact that low interest rates coincided with a high level of portfolio switching.

Insurance revenue (SERV) contains the items “premiums earned” (51 mn) and “interest income from debt rescheduling agreements” (16 mn). Overall, insurance revenue declined by 3 million. This result was due to the decline in interest income from debt rescheduling agreements. This in turn can be explained by a decline of 65 million in the level of outstanding balances in 2010.

Revenue from *second-party resources and third-party funds (ETH Domain)* are the result of capital inflows that are generally earmarked for use in financing projects in the area of applied research.

3 Other revenue

CHF mn	Financial statements 2009	Financial statements 2010	Deviation vs. FS 2009 Absolute	%
Other revenue	**2 565**	**1 992**	**-573**	**-22,3**
Building revenue	84	76	-8	-9,5
Profit from disposals	41	28	-13	-31,7
Capitalization of own production	55	69	14	25,5
Other misc. revenue	1 242	117	-1 125	-90,6
Profit distribution from SNB	833	833	–	–
Other revenue from royalties and concessions	271	307	36	13,3
Net revenue from restricted funds in liabilities	39	562	523	1 341,0

Other revenue declined by 573 million to 1,992 million in the year under review.

Two transactions in particular impacted on *other miscellaneous revenue* in 2009 but did not recur in 2010. First of all, 1,024 million for the capitalization of the cantons' share in motorways that became operational, and second, 99 million for the subsequent capitalization of cable equipment relating to the demerger of Swisscom and the Federal Department of Defence, Civil Protection and Sport. If these special factors are excluded, the year-on-year decrease in 2010 would have amounted to just 2 million. Other miscellaneous revenue includes receipts from fines (including VAT), revenue from IT services charged to other parties and the selling fees of Swissmedic.

The *profit distribution from the SNB* comprises the Confederation's share in the profit of the Swiss National Bank for the 2009 fiscal year; this share remains unchanged at 833 million in accordance with the agreement concluded in March 2008.

Other revenue from royalties and concessions encompasses above all receipts from quota auctions (199 mn) and the increase in coins in circulation as a result of additional demand (74 mn; +21 mn). Additional receipts of 18 million were generated through auctions of agricultural quotas (particularly meat), in which higher volumes and higher prices were achieved.

The *net revenue from restricted funds in liabilities* amounted to 562 million, corresponding to an increase of 523 million on the previous year. Under phase 3 of the economic stabilization measures, parliament resolved to redistribute the CO_2 tax generated in 2008–2010 during the year under review, which resulted in revenue from restricted funds of 472 million in this area alone.

4 Personnel expenses

CHF mn	Financial statements 2009	Financial statements 2010	Deviation vs. FS 2009 Absolute	%
Personnel expenses	**6 766**	**6 858**	**92**	**1,4**
Staff compensation	5 565	5 681	116	2,1
Employer contributions (social insurance)	1 045	1 104	59	5,6
Benefits paid by employer	49	89	40	81,6
Temporary personnel	23	20	-3	-13,0
Change in provisions	-7	-96	-89	1 271,4
Other personnel expenses	91	60	-31	-34,1

Overall, personnel expenses rose by 92 million (+1.4%) relative to 2009. Additional requirements of 215 million, attributable in particular to increased headcount and the cost-of-living adjustment, outstripped reductions in expenses, which amounted to a total of 123 million.

The *number of staff* expressed in full-time equivalents (FTEs) rose by 758 to 49,591, representing an increase of 1.6%. Most of the new positions were created in the parent entity and in the ETH Domain:

- In the parent entity (+256 positions; +0.8%), the lion's share of the increase in headcount related to the absorption of the workforce of FDFA residences into the overall headcount. Approximately two-thirds of this headcount increase is compensated internally. In addition, it should be noted that the 2009 figures still included 138 Swiss National Museum positions that were outsourced as of January 1, 2010. If this effect is additionally factored in, the increase amounts to 394 positions (+1.2%).

- In the ETH Domain (+318 positions; +2.2%), there was an increase in both the number of professorships (+37 FTEs) and the number of scientists (+281 FTEs). These additional professorships are designed to improve the teacher-student ratio at the two Federal Institutes of Technology. In the period 2008–2010, the number of students per professorship averaged 35:1 (2002–2007: 33:1). Just under 70% of the sum required for the 14,734 FTEs was funded from the financing contribution of the parent entity; the remainder was met by second-party resources and third-party funds. In 2010, a total of 31% of headcount was financed through second-party resources and third-party funds (2009: 29%).

- Headcount also rose in other areas (+184 FTEs or +10.7%). Above-average growth rates were seen at ENSI (+16.1%) and FINMA (+6.2%) in particular.

2010 wage measures:

- In the federal government parent entity, the cost-of-living adjustment amounted to 0.6%, compared with 1.1% in 2009.

- In the ETH Domain, as of January 1, 2010 staff were compensated for the annual rate of inflation of 0.6% and awarded a real wage increase of 1.2% under the new wage system (NLS).

- The other consolidated entities implemented varying wage measures as of January 1, 2010.

Change in provisions: the primary driver of the change was the reversal of provisions for social plan costs in accordance with Article 105 of the Federal Personnel Ordinance in conjunction with the suspension of workforce reduction at the Federal Department of Defence, Civil Protection and Sport (Armed Forces Logistics Organisation).

5 Other operating expenses

CHF mn	Financial statements 2009	Financial statements 2010	Deviation vs. FS 2009 Absolute	%
Other operating expenses	**6 021**	**5 755**	**-266**	**-4,4**
Expenses for goods and materials	413	395	-18	-4,4
Operating expenses	3 918	3 973	55	1,4
Motorway operation and maintenance	366	364	-2	-0,5
Defense expenses	1 095	1 001	-94	-8,6
Net expense for restricted funds in liabilities	229	22	-207	-90,4

Other operating expenses rose by 266 million, or 4.4%, compared with 2009. The individual positions developed as follows:

Expenses for goods and materials declined by 18 million to 395 million. In particular, the reclassification of material goods not eligible for capitalization under operating expenses resulted in a decline of 35 million. In contrast, there was a sharp increase in the cost of coins in circulation due to higher metal prices, which necessitated the creation of additional provisions (+23 mn).

The increase in *operating expenses* was largely attributable to the following factors:

- Reclassification of material goods not eligible for capitalization amounting to 35 million under operating expenses rather than under expenses for goods and materials (ETH Domain).

- Due to the reversal of value adjustments from debt rescheduling credit balances amounting to 83 million, SERV insurance expenses (or operating expenses) fell by a total of 52 million.

- The operating expenses of the army increased by 53 million to 861 million relative to 2009. Rising operating and maintenance costs for increasingly complex systems as well as increased deployment of these systems were the drivers of this increase in expenses.

Motorway operation and maintenance was virtually unchanged relative to 2009, and amounted to 364 million.

Defense expenses amounted to 1,001 million in 2010. This represents a reduction of 8.6% (-94 mn) on the 2009 figure. The lower expenses related predominantly to defense equipment (-108 mn to 575 mn) as a result of various project delays that had a number of different causes, including uncertainties with respect to the further development of the army, staff shortages affecting the commissioning and procurement agencies, and services provided by industry that did not meet the agreed stipulations. The decline in development, testing and procurement preparation (-9 mn to 111 mn) was also attributable to uncertainties surrounding the further development of the army. The only increase was posted in the equipment and renewal requirements area (+23 mn to 316 mn) as a result of increased requirements in the areas of command support and reconnaissance.

The *net expense for restricted funds in liabilities* is derived from receipts from the special financing fund for contaminated sites (21 mn) and the deposit in the fund for media research, radio technology and program archiving (1 mn). In 2010, the CO_2 tax expenditure was greater than receipts and was therefore reported as net revenue (see section 3, other revenue).

6 Transfer expenses

CHF mn	Financial statements 2009	Financial statements 2010	Deviation vs. FS 2009 Absolute	%
Transfer expenses	**40 066**	**41 764**	**1 698**	**4,2**
Third parties' share in federal income	7 116	8 132	1 016	14,3
Compensation to public bodies	778	807	29	3,7
Contributions to own institutions	1 250	1 286	36	2,9
Contributions to third parties	13 514	14 001	487	3,6
Contributions to social insurance	14 280	14 494	214	1,5
Value adjustments in transfer expenses	3 128	3 044	-84	-2,7

The 1.7 billion, or 4.2%, increase in transfer expenses year-on-year was essentially attributable to three factors:

- *Third parties' share in federal income:* the redistribution of incentive fees increased by 871 million compared with the previous year. This sharp rise was due to the first redistribution of CO_2 tax on fuel (864 mn), two-thirds of which went to families and companies.
- *Contributions to third parties:* roughly 20% of the 487 million increase was allocated to financial equalization (+93 mn), and a further 20% to contributions to international organizations (+101 mn). Other contributions to third parties (particularly education and research) increased by 293 million.
- *Contributions to social insurance:* contributions rose by 1.5% (+214 mn), due mainly to the higher federal contribution to AHV (+164 mn) and individual premium reductions (+161 mn). In contrast, disability insurance (IV) contributions (-54 mn), supplementary AHV and IV benefits (-40 mn), and military insurance expenses (-46 mn) declined.

Third parties' share in federal income

This account group comprises restricted shares in receipts refunded to the cantons and social insurance or – in the case of incentive fees – to families and companies. Expenses increased 14.3% year-on-year. Expenditure results directly from receipts and is therefore uncontrollable.

Cantons' share; +47 million to 4,436 million:
The cantons' share recorded moderate overall growth of 1.1%, slowed by stagnation in the share of direct federal tax – the largest single item for this account group (3,072 mn). A larger year-on-year increase was recorded for the cantons' share in withholding tax (+34 mn to 465 mn) and mileage-related heavy vehicle charges (+12 mn to 484 mn). 98% of the 10% shares in restricted mineral oil tax receipts (484 mn) and motorway tax was distributed in the form of general highway contributions to all cantons (375 mn) and the remaining 2% to cantons with no motorways (8 mn).

Share in social insurance; +97 million to 2,694 million:
The share in social insurance grew 3.7%. Casino tax receipts are transferred to the old age and survivors' insurance (AHV) compensation fund with a two-year time lag. As a result, the expenditure for 2010 (455 mn) corresponds to the receipts for 2008. The percentage of value added tax for AHV increased by 4.2% to 2,239 million compared with 2009.

Redistribution of incentive fees; +871 million to 1,003 million:
The redistribution of incentive fees increased by 871 million compared with the previous year. This sharp rise was due to the first redistribution of CO_2 tax on fuel (864 mn), two-thirds of which went to families and companies. In conjunction with phase 3 of the economic stabilization measures, parliament resolved to redistribute the receipts from 2008–2010 in 2010 (2008–2009: 427 mn; 2010: 437 mn). Incentive fees in respect of volatile organic compounds (VOCs) will continue to be redistributed to families with a two-year time lag (2010: 139 mn). Expenditure relating to the redistribution of VOC incentive fees thus corresponds to the VOC tax receipts in the 2008 fiscal year, including accrued interest.

Compensation to public bodies

Compensation to public bodies was paid to cantons and municipalities which perform federal government functions (e.g. conducting the population census). Compensation of 807 million (+29 mn) was paid out in 2010.

Contributions to own institutions

- The 786 million disbursed from the fund for railway projects to the SBB and AlpTransit Gotthard AG for various rail projects was 46 million higher than the equivalent prior-year figure.
- A total of 1.5 billion was spent in 2010 in connection with the service level agreement concluded with the SBB for 2007–2010. This expenditure consists of an investment contribution of 1.0 billion as well as the contributions toward operation and maintenance costs shown here. Consequently, the expenses recognized directly in the statement of fi-

nancial performance amounted to 470 million. The 10 million year-on-year decrease was caused by the one-time loan increase of 30 million carried out under the stabilization program in 2009.

- As in 2009, 30 million was transferred to Swiss Post by way of a press subsidy, which was provided via a price reduction on newspaper distribution.

Contributions to third parties

Contributions to third parties were made in all task areas. Expenses for this account group were up 487 million, or 3.6 %, on the prior-year level. Additional expenses were recorded for all of the three contribution categories:

- Financial equalization (+93 mn to 2.9 bn)
- International organizations (+101 mn to 1.6 bn)
- Other contributions to third parties (+293 mn to 9.5 bn)

The main beneficiaries in respect of *other contributions to third parties* are:

- General direct payments for agriculture (+14 mn to 2,182 mn)
- Regional passenger transportation (+29 mn to 799 mn)
- Swiss National Science Foundation (+71 mn to 738 mn)
- Environmental direct payments for agriculture (+13 mn to 587 mn)
- Lump-sum contributions and transitional arrangements; vocational education (+37 mn to 570 mn)
- Promotion of higher education, basic contributions (+10 mn to 559 mn)
- Certain development cooperation initiatives (+17 mn to 474 mn)
- Operating contributions for universities of applied sciences (+35 mn to 408 mn)
- Dairy industry subsidies (-5 mn to 289 mn)

Contributions to social insurance

Contributions to social insurance include the following sub-items:

Federal social insurance; +138 million to 11.1 billion:
Old age and survivors' insurance (AHV; 7,162 mn) accounted for just under half of all contributions paid to social insurance. 19.55% of total AHV expenditure is incurred by the Confederation. This sum increased by 164 million, or 2.3%. As AHV pensions are only adjusted every two years in line with wage and price increases, and no adjustment was made in 2010, the increase was solely attributable to demographic factors.

Federal contributions to disability insurance (IV), amounting to 3,478 million, were down again year-on-year (-54 mn). The Confederation's share of total IV expenditure was 37.7%. Given the extent of this contribution, the Confederation benefited from measures adopted under the 4th and 5th revisions of disability insurance, which have resulted in significantly fewer new retirees (pension payments account for roughly 70% of IV expenditure). Low interest charges brought expenditure down further.

The above-average increase in the Confederation's contributions to unemployment insurance (AlV: +28 mn to 413 mn) also contributed to the high levels of social insurance expenditure. The sharp rise was attributable mainly to two factors. First, there was an increase in aggregate wages subject to compulsory contributions in the 2010 fiscal year, which had the effect of increasing the federal contribution to AlV (federal contribution to AlV is 0.15% of aggregate wages subject to compulsory contributions). Second, a further 16 million was due in AlV contributions from the Confederation in 2010, as determined in the 2009 final statement of account.

Other social insurance; +75 million to 3.4 billion:
The Confederation's contribution to individual premium reductions rose sharply by 161 million, or almost 9%, to 1,977 million in 2010, driven by exceptionally strong growth in average compulsory health insurance premiums. These premiums largely determine assumptions regarding changes in gross healthcare costs, which in turn are used to set the level of the federal contribution to individual premium reductions. In accordance with Article 66 (2) of the Health Insurance Act, the Confederation's contribution is 7.5% of gross compulsory health insurance costs.

Federal expenditure on supplementary AHV and IV benefits (599 mn and 638 mn respectively) decreased by 40 million overall. 5/8 of expenditure on supplementary benefits, which ensure a basic standard of living, is covered by the Confederation, while the remaining 3/8 and all health insurance and disability costs are met by the cantons. It should be noted that the 2009 financial statements were impacted by a 70 million lump-sum payment to the cantons. If this special factor is excluded, expenditure increased in 2010, with supplementary AHV benefits growing 2.5%, roughly in line with the increase for AHV pensions. Supplementary IV benefits increased by 1.8%. Contrary to expectations, the decline in new retirees had no impact on supplementary benefits.

At 200 million, payments in respect of military insurance were just below the prior-year level (-2 mn).

Value adjustments to transfer expenses
Value adjustments to transfer expenses decreased by 84 million, or 2.7%, year-on-year.

- 732 million in value adjustments were made in relation to the FinPT fund (+148 mn compared with the previous year). Additional expenditure was incurred on the Gotthard corridor and phase 1 of Bahn 2000. Around 85 million was also spent on work to provide connections to the European network.

- Value adjustments to the infrastructure fund decreased by 485 million, remaining at 34 million in 2010 for agglomeration transportation. The difference of 485 million includes a correction of 312 million, which was recorded as a value adjustment under “Transfer expenses” in 2009, instead of under “Contributions to third parties”.

- Value adjustment relating to the service level agreement with the SBB in respect of infrastructure investments carried out: this amount increased by 128 million to 1,030 million.

- Other value adjustments (e.g. flood protection, protection against natural hazards, nature and countryside, energy and waste heat utilization) increased by 125 million, giving a combined total of 1,247 million.

7 Financial revenue

CHF mn	Financial statements 2009	Financial statements 2010	Deviation vs. FS 2009 Absolute	%
Financial revenue	**1 566**	**415**	**-1 151**	**-73,5**
Interest	684	171	-513	-75,0
Market value adjustments	–	3	3	n.d.
Other financial revenue	882	241	-641	-72,7

Financial revenue declined sharply by 1,151 million in 2010 (-73.5%). The main drivers of this were the high revenue recorded in 2009 for financial transactions in connection with the UBS mandatory convertible notes, and the decline in interest revenue as a result of the very low interest rates.

The significant decline in *interest* (-513 mn) was attributable primarily to the non-recurrence of the interest revenue of 490 million recognized in 2009 under loans for the sale of the coupon on the UBS mandatory convertible notes. Although unemployment insurance loans rose, interest fell to 50 million (-27 mn) as a result of the low interest rate environment. Furthermore, interest from value added tax (77 mn) declined as a result of the lower interest earned on arrears (-7 mn).

The sharp decline in *other financial revenue* (-641 mn) was attributable primarily to the one-time revenue sum of 729 million recognized in 2009 for the sale of the UBS mandatory convertible notes. In addition, this position contains on the one hand gains on foreign currency accounts due to exchange rate and market fluctuations (82 mn). These result from foreign currency purchases at the procurement rate, incoming and outgoing payments at the budget rate or at an agreed fixed rate in the case of special transactions, as well as month-end valuation at the market rate. The income in question is recorded gross. The net income in the reporting period (price gains minus price losses) amounted to 28 million. On the other hand, this position also contains valuation adjustments to interest rate swaps (149 mn) that are held as strategic positions and are valued at market rates. In particular, it was possible to record reversals because individual interest rate swaps expired. The swaps position consists of fixed interest payments by the Confederation and variable interest receipts that are determined semi-annually on the basis of short-term interest rates.

8 Financial expense

CHF mn	Financial statements 2009	Financial statements 2010	Deviation vs. FS 2009 Absolute	%
Financial expense	**3 469**	**3 438**	**-31**	**-0,9**
Interest expense	2 997	2 863	-134	-4,5
Capital procurement expenses	128	122	-6	-4,7
Value adjustment on financial investments	175	261	86	49,1
Other financial expense	169	192	23	13,6

The *interest expense* relates predominantly to outstanding bonds, which were reduced further in 2010 by 4.6 billion. This resulted in another year-on-year decline in the interest expense for bonds to 2,679 million (-107 mn). The reduction in expenses as a result of amortization of net premiums on all the bonds issued in previous years was only slightly below the previous year's value (1 mn).

Value adjustments on financial investments include value-reducing corrections for loans (231 mn) and financial interests (30 mn).

Other financial expense shows losses on foreign currency accounts (66 mn) due to exchange rate and market fluctuations. These result from foreign currency purchases at the procurement rate, incoming and outgoing payments at the budget rate or at an agreed fixed rate in the case of special transactions, as well as month-end valuation at the market rate. The income in question is recorded gross. The increase in losses due to exchange rate and market fluctuations was attributable to the EUR and USD exchange rates, which were lower on average. Also displayed under other financial expense are the monthly valuation corrections for interest rate swaps (126 mn), which are held as strategic positions and are valued at market prices. Interest rate swaps are valued according to the principle of prudence, i.e. the monthly valuation adjustment in the statement of financial performance is displayed in accordance with the no-offsetting principle up to a maximum of the acquisition value. Values that exceed the acquisition value are recognized in the statement of financial position.

9 Cash and cash equivalents

CHF mn	2009	2010	Deviation vs. 2009 Absolute	%
Cash and cash equivalents	**3 190**	**6 251**	**3 061**	**96,0**
Cash	7	6	-1	-14,3
Swiss Post	368	317	-51	-13,9
Bank	2 814	1 047	-1 767	-62,8
Short-term deposits	1	4 881	4 880	488 000,0

The *bank* position comprises Swiss franc and foreign currency accounts. The strong decline can be explained primarily by the fact that more funds were placed in the market at year-end than the previous year, so the balance on the giro account with the Swiss National Bank was accordingly lower.

The sharp rise in *short-term deposits* was attributable to the change in the reporting of fixed-term deposits with a total term of under 90 days. In 2009, the fixed-term deposits of the parent entity were reported under *short-term financial investments* (see section 11).

10 Receivables

CHF mn	2009	2010	Deviation vs. 2009 Absolute	%
Receivables	**6 072**	**7 342**	**1 270**	**20,9**
Tax and customs receivables	4 098	4 991	893	21,8
Current accounts	944	1 279	335	35,5
Trade receivables	244	248	4	1,6
Other receivables	786	824	38	4,8

Of the *tax and customs receivables,* 2,816 million related to value added tax receivables from taxable persons and entities. Of this sum, 1,760 million related to value added tax receipts from imports. Value added tax receivables increased by 195 million compared with the previous year. Tax and customs receivables also contain the following positions:

- Receivables from customs duties amounting to 1,492 million: these include receivables from mileage-related heavy vehicle charges as well as from mineral oil tax and tobacco duty. The increase of 401 million in receivables from customs duties was attributable primarily to the significantly higher tobacco duty receipts.

- Receivables from withholding tax and stamp duty amounting to 1,114 million: the increase of 311 million relative to 2009 related predominantly to withholding tax, and in particular to self-declarations by taxable persons and entities that were received late and are not yet due for payment.

- Receivables from alcohol duty amounting to 25 million (2009: 26 mn).

- Allowance for doubtful accounts on outstanding tax and customs receivables amounting to 457 million. The increase of 13 million in value adjustments was attributable to the more rigorous evaluation of outstanding receivables on the part of the Federal Customs Administration.

Under *current accounts,* 1,031 million relates to receivables from the cantons, of which 126 million is accounted for by receivables from military service exemption tax. Receivables from the cantons increased by 464 million compared with 2009. This rise can be explained by the fact that the statements of the cantons for the delivery of direct federal tax to the federal government were drawn up shortly before annual closing. In addition, current accounts also include receivables from Suva amounting to 143 million; this figure declined by 2 million relative to 2009.

Trade receivables encompass numerous small-scale positions. The largest items relate to:

- Receivables from quota auctions of the Federal Office for Agriculture amounting to 46 million (+7 mn).

- Outstanding receivables amounting to 41 million within the ETH Domain (+7 mn). Of these, 30 million relates to domestic debtors and 11 million to foreign debtors.

- Advance payments on goods of the Federal Office for Buildings and Logistics amounting to 17 million (-1 mn).

Value adjustments on trade receivables amounted to 63 million.

Other receivables comprise predominantly balances from debt rescheduling agreements amounting to 742 million (+18 mn) as well as receivables from losses and restructurings of 21 million (+2 mn). In addition, this position contains prepaid rental charges of 26 million to Skyguide.

11 Financial investments

Short-term and long-term financial investments

CHF mn	2009 Carrying amount	2009 Market value	2009 Ø interest %	2010 Carrying amount	2010 Market value	2010 Ø interest %
Short-term financial investments	**4 260**			**514**		
Held to maturity	**4 260**			**514**		
Fixed-term deposits	4 100	4 100	0,3	400	400	0,1
Loans	80	80	1,1			
Positive replacement values	26	n.d.	n.d.	8	n.d.	n.d.
Other short-term financial investments	54	n.d.	n.d.	106	n.d.	n.d.
Available for sale	**–**			**–**		
Held for trading	**–**			**–**		
Long-term financial investments	**78**			**75**		
Held to maturity	**78**			**75**		
Fixed-interest securities	50	52	2,5			
Other long-term financial investments	28	n.d.	n.d.	75	n.d.	n.d.
Available for sale	**–**			**–**		

n.d.: not displayed

In keeping with the “SFBC Guidelines” drawn up by the Swiss Federal Banking Commission, financial investments can be held in three different categories, namely *held to maturity, available for sale, and held for trading*. The Confederation currently has only financial investments that are held to maturity. The carrying amount of these financial positions corresponds to the nominal value. The market value is shown to provide additional information and represents the actual value of financial investments as of the reporting date. The average interest corresponds to the actual interest rate applicable in the year under review. From the 2010 reporting year onward, fixed-term deposits with a total term of under 90 days are no longer reported as *short-term financial investments* but as *short-term deposits*. For this reason, there has been a corresponding shift between these two positions (see also section 9).

Derivative financial instruments

CHF mn	Nominal value 2009	Nominal value 2010	Market value 2009	Market value 2010	Positive replacement value 2009	Positive replacement value 2010	Negative replacement value 2009	Negative replacement value 2010
Derivative financial instruments	**7 707**	**6 638**	**-371**	**-769**	**26**	**8**	**-397**	**-777**
Interest rate instruments	**3 560**	**2 650**	**-261**	**-240**	**10**	**8**	**-271**	**-248**
Interest rate swaps	3 560	2 650	-261	-240	10	8	-271	-248
Options	–	–	–	–	–	–	–	–
Foreign exchange products	**4 147**	**3 988**	**-110**	**-529**	**16**	**–**	**-126**	**-529**
Forwards	4 147	3 988	-110	-529	16	–	-126	-529
Options	–	–	–	–	–	–	–	–

Derivative financial instruments are recognized at market values and recorded under financial investments (in the case of positive replacement values) or financial liabilities (in the case of negative replacement values; cf. section 18). In the year under review, the nominal value of *interest rate swaps* declined as a result of redemptions. The nominal value of the net payer swap position stands against a negative market value of 240 million. The market value is made up of the individual positions that have either positive or negative replacement values as of the reporting date. The *forward contracts* in EUR, USD and NOK have an underlying nominal value of CHF 4.0 billion. The negative market value of 529 million is derived from the valuation of the corresponding positions as of the reporting date. Due to negative exchange rate movements, the values of the forward contracts have deteriorated significantly. At year-end, the EUR contracts had fallen by CHF 312 million, the USD contracts by CHF 215 million, and the NOK contracts by CHF 2 million.

Hedges of future transactions (cash flow hedge)

2010 CHF mn	Nominal value Total	Maturities < 1 year	1 – 5 years	> 5 years
Hedges in EUR, USD and NOK	**3 988**	**1 837**	**2 151**	**–**
Special transactions	3 001	850	2 151	–
Budget	987	987	–	–

2009 CHF mn	Nominal value Total	Maturities < 1 year	1 – 5 years	> 5 years
Hedges in EUR, USD and NOK	**4 147**	**1 742**	**2 379**	**26**
Special transactions	3 158	753	2 379	26
Budget	989	989	–	–

Euro and US dollar hedging is always carried out solely for the corresponding budget year. Projects with a multi-year liability in a foreign currency are hedged for the entire duration as special transactions.

12 Inventories

CHF mn	2009	2010	Deviation vs. 2009 Absolute	%
Inventories	**321**	**308**	**-13**	**-4,0**
Inventories purchased	310	293	-17	-5,5
Inventories self-produced	11	15	4	36,4

Inventories purchased primarily comprise motor fuel (179 mn), medical supplies (39 mn), combustibles (27 mn), production material for the new biometric passport (12 mn) and for coins (16 mn), printed materials and publications (14 mn), and ethanol storage facilities (11 mn). The 17 million decline in the carrying amount was primarily attributable to the decline in the level of combustibles, as well as the reduction of inventories for old passport components. Value adjustments amounting to 35 million (2009: 33 mn) were applied to inventories at risk as well as old and excessive inventories.

Under *inventories self-produced,* partly finished and finished goods for identity documents (15 mn) and for national topography products (5 mn), as well as partly finished goods for coins (1 mn) are capitalized. The 4 million increase in the carrying amount can be explained by the building of inventories for biometric passports following their successful introduction in March 2010. Value adjustments for inventories self-produced amounted to 7 million (2009: 9 mn).

13 Prepaid expenses and accrued income

CHF mn	2009	2010	Deviation vs. 2009 Absolute	%
Prepaid expenses and accrued income	**1 436**	**1 752**	**316**	**22,0**
Interest	49	47	-2	-4,1
Debt discount	433	359	-74	-17,1
Other prepaid expenses and accrued income	954	1 346	392	41,1

Prepaid expenses and accrued income for *interest* changed only slightly compared with 2009, due to two contrasting developments. On the one hand, the investment volume of the unemployment insurance loan and short-term money market claims increased dramatically (+4 bn), while on the other hand interest rates fell further, thereby neutralizing the increased investment volume from a revenue perspective.

The *debt discount* decreased by 74 million relative to 2009 as a result of annual amortization. A debt discount on bonds is capitalized during the year in which the bond is issued and then amortized over the appropriate term.

Around half of *other prepaid expenses and accrued income* relates to prepaid fees for bond issuance (706 mn). These fell by 39 million compared with 2009 as a result of the lower volume of bonds. In addition, other prepaid expenses and accrued income also include the following key items:

- Counter-position to the negative replacement values from foreign currency hedges amounting to 529 million (+419 mn).
- Accruals for accrued interest on interest rate swaps amounting to 48 million (+13 mn).
- Accruals for special levies in the area of asylum amounting to 16 million (-4 mn). This item is attributable to the system change in 2008 that was triggered by the revised Asylum Act (SR *142.31*). As a result of this system change, the special levies in 2008 were recognized as receipts and accounted for under accruals. The accrued figure as of December 31, 2010 corresponds to future payment streams from the old system that are still expected.
- Outstanding final accounts from FINMA for its supervisory activity amounting to 13 million (-3 mn).
- Advance payments in the ETH Domain for rental and ancillary costs, library subscriptions, IT maintenance and insurance premiums (8 mn).

14 Tangible and intangible fixed assets

2010 CHF mn	Total tangible fixed assets	Movable property, plant and equipment	Immovable property, plant and equipment	Motorways	Total intangible fixed assets
Acquisition costs					
Balance at 1.1.2010	**98 265**	**2 764**	**31 841**	**63 660**	**209**
Additions	2 749	407	479	1 863	70
Disposals	-558	-246	-284	-28	-2
Balance at 31.12.2010	**100 456**	**2 925**	**32 036**	**65 495**	**277**
Accumulated depreciation					
Balance at 31.12.2010	**-47 797**	**-1 695**	**-17 705**	**-28 397**	**-69**
Ordinary depreciation	-2 239	-272	-543	-1 424	-51
Disposals	367	197	149	21	2
Impairments	-1	-1	–	–	–
Balance at 31.12.2010	**-49 670**	**-1 771**	**-18 099**	**-29 800**	**-118**
Carrying amount at 31.12.2010	**50 786**	**1 154**	**13 937**	**35 695**	**159**

2009 CHF mn	Total tangible fixed assets	Movable property, plant and equipment	Immovable property, plant and equipment	Motorways	Total intangible fixed assets
Acquisition costs					
Balance at 1.1.2009	**94 721**	**2 513**	**31 336**	**60 872**	**145**
Additions	3 791	396	591	2 804	64
Disposals	-247	-145	-86	-16	–
Balance at 31.12.2009	**98 265**	**2 764**	**31 841**	**63 660**	**209**
Accumulated depreciation					
Balance at 1.1.2009	**-45 814**	**-1 574**	**-17 229**	**-27 011**	**-43**
Ordinary depreciation	-2 096	-251	-455	-1 390	-27
Disposals	134	130	–	4	1
Impairments	-21	–	-21	–	–
Balance at 1.1.2009	**-47 797**	**-1 695**	**-17 705**	**-28 397**	**-69**
Carrying amount at 31.12.2009	**50 468**	**1 069**	**14 136**	**35 263**	**140**

Movable property, plant and equipment (1.2 bn) includes the following: furniture, vehicles, fixtures and fittings, warehouse facilities, machines, appliances, tools, communications systems, and IT hardware. Just under two-thirds of the assets held consist of technical equipment and machinery used for teaching and research purposes in relation to the ETH Domain (731 mn). A significant proportion of additions went to the ETH Domain (221 mn). As of the reporting date, assets under construction to the value of 241 million also fell under this account group (20.9%).

Immovable property, plant and equipment (13.9 billion) comprises buildings, land and rights entered in the Real Estate Register. A total of 4.7 billion is attributable to the armed forces and 9.2 billion to the civilian area. Additions included the following key projects:

- St. Luzisteig military training area and Mels arsenal, Land Forces (19 mn)
- Spiez Safety Laboratory, Federal Office for Civil Protection (5 mn)
- Bure military training area, Land Forces (3 mn)

Additions also included individual project investments of less than 10 million (aggregated under the main groups):

- Assets of the Air Force (141 mn)
- Assets of the Land Forces (132 mn)
- Assets of the Armed Forces Joint Staff (36 mn)
- Assets of the Armed Forces Logistics Organisation (34 mn)
- Assets of the Armed Forces Command Support Organisation (30 mn)
- Assets of armasuisse (7 mn)

The following buildings are subject to *disposal restrictions:*

- Real estate held by foundations where the use of the building is connected with the purpose of the foundation;
- Expropriations and gifts which are appropriated for specific purposes prescribed by law or under contract;

- Plant and equipment subject to operating licenses granted to individual operators (e.g. nuclear facilities, research facilities).

Immovable property, plant and equipment under construction as of the reporting date totaled 813 million.

Motorways (35.7 bn) recognized include motorways in operation (23.0 bn), assets under construction (8.5 bn), and land (4.2 bn). Additions under motorways (1.9 bn) related primarily to:

- Road network completion (0.7 bn), including the following key projects: A4 Knonaueramt; A4/A20 Zurich western bypass, including the Uetliberg tunnel; A5 Biel bypass; A5 Serrières bypass; A8 Lungern bypass; A9 Visp and Leuk-Steg/Gampel bypass; A16 Tavannes-Moutier; A16 national border Porrentruy-France; A28 Saas bypass.

- Development and maintenance work eligible for capitalization (1.2 bn). Two-thirds of investment expenditure was invested in the following redevelopment and maintenance projects: A1 Ohringen-Thurgau border; A4 Weinland mini-motorway; A1 Bern city expressway; A2 Luzern cityring; A2 Seedorf-Erstfeld; A2 Linthebene; A4 Blegi-Rütihof; A12 Outre-Broye-Riaz; A13 Roveredo bypass; A2 Melide–Bissone; A1 Villars-Ste-Croix-Oulens.

- In contrast to 2008 and 2009, it was possible to settle the accounts for a large volume of development and maintenance projects in 2010, due mainly to the extended building season and shorter periods to completion for projects already underway. A large number of building contractors also brought forward their charging dates to December 2010 pending the VAT increase on January 1, 2011. This resulted in a total *surplus of invoiced supplies of 147 million,* which will not be reflected until the 2011 financial statements.

Motorways to the value of 8,517 million were under construction as of the reporting date (23.9%). The following major motorway segments went into operation in 2010:
- Weinland mini-motorway (134 mn)
- Linthebene (89 mn)
- Morges-Ecublens (42 mn)
- Giswil bypass (38 mn)
- Rheinfelden (28 mn)

Intangible fixed assets (159 mn) are identifiable non-monetary, non-physical assets which are used in the manufacture of products, the supply of services, for leasing purposes, or in the discharge of public functions. Intangible fixed assets include in particular software, licenses, patents, and rights.

The 70 million increase in acquisition costs recognized was attributable primarily to the following additions: IT application development costs relating to Schengen/Dublin implementation (17 mn), motorway construction (11 mn), FIRE III project for the Federal Customs Administration (5 mn), project to replace the Lawful Interception System for post and telecommunications monitoring (5 mn), special application for the biometric passport (4 mn), and software for an extendable electronic customs platform (2 mn).

15 Loans

CHF mn	2009	2010	Deviation vs. 2009 Absolute	%
Balance at 1.1.	**14 047**	**9 548**	**-4 499**	**-32,0**
Additions	2 427	2 666	239	9,8
Disposals	-6 108	-243	5 865	-96,0
Other transactions	-818	-400	418	-51,1
Balance at 31.12.	**9 548**	**11 571**	**2 023**	**21,2**
Loans held for the accomplishment of tasks	3 476	3 599	123	3,5
Loans held to maturity	6 072	7 972	1 900	31,3

All loans have long-term character when they are initially granted. Loans for the discharge of public functions are recognized at acquisition cost minus the necessary value adjustment. Other loans are classified as "held to maturity" and are measured at amortized cost.

Additions amounted to a total of 2,666 million, and were attributable primarily to the following: an increase of 1,800 million in the loan for unemployment insurance, newly granted loans (capitalized under net assets/equity) for the basic price reduction of rental housing amounting to 323 million, an increase in loans to the SBB and other licensed transportation companies amounting to 314 million, an increase of 162 million in the loan (capitalized under net assets/equity) to the regional development fund, and an increase in loans to the cantons in the form of investment credits and operating aid in the area of agriculture amounting to 49 million.

Disposals amounted to a total of 243 million, and consisted primarily of the following positions: partial repayment of the loan to BLS Netz AG amounting to 63 million, reduction of the loan (capitalized under net assets/equity) to the regional development fund amounting to 60 million, partial repayment of the loan to licensed transportation companies amounting to 23 million, and a reduction in mortgage lending to cooperative residential associations amounting to 21 million.

Other transactions comprise primarily value adjustments to acquisition costs. A significant proportion of the Confederation's outstanding and newly granted loans is not, or only partially, repayable, and the value of these items is therefore 100% adjusted.

Main loan items

	2009			2010		
CHF mn	Acquisition value	Value adjustment	Carrying amount	Acquisition value	Value adjustment	Carrying amount
Loans	**19 852**	**-10 304**	**9 548**	**22 257**	**-10 686**	**11 571**
Unemployment insurance (AlV)	5 600	–	5 600	7 400	–	7 400
SBB AG	3 331	-3 125	206	3 474	-3 174	300
Loans to cantons in the form of investment credits and operating aid	2 458	-2 458	–	2 507	-2 507	–
Misc. licensed transportation companies	1 922	-1 430	492	2 033	-1 574	459
Non-profit residential construction	1 689	-165	1 524	1 921	-282	1 639
Swissair	1 169	-1 169	–	1 169	-1 169	–
Rhaetian Railway	976	-831	145	1 013	-868	145
Regional development	898	-158	740	1 001	-197	804
BLS Netz AG	444	-444	–	381	-381	–
Loans to FIPOI	362	-137	225	378	-152	226
EUROFIMA	330	–	330	330	–	330
BLS AG	293	-214	79	286	-213	73
Hotel renovation	136	-136	–	136	-136	–
Other loans	244	-37	207	228	-33	195

16 Financial interests

CHF mn	2009	2010	Deviation vs. 2009 Absolute	%
Balance at 1.1.	**16 189**	**17 918**	**1 729**	**10,7**
Additions	365	32	-333	-91,2
Disposals	-8	-18	-10	125,0
Dividends received on significant interests	-571	-590	-19	3,3
Profit distribution received on significant interests	-201	-200	1	-0,5
Increase in equity value	2 179	1 840	-339	-15,6
Decrease in equity value	-5	-95	-90	1 800,0
Other value change recognized in financial performance	-30	-30	–	–
Balance at 31.12.	**17 918**	**18 857**	**939**	**5,2**

The increase of 939 million in the value of financial interests was essentially attributable to the 955 million increase in the value of significant interests as a result of good underlying results (change in equity value minus profit distributions; previous year: +1,402 mn). In contrast, the carrying amount of other interests declined by 16 million, which was largely due to the redemption of financial interests in public housing construction projects.

The Confederation's *significant interests* are valued using the equity method for the equity stake in the company in question. For this calculation, the values applied typically relate to the financial statements as of September 30. Any changes therefore reflect the period from October 1 of the previous year to September 30 of the year under review. In the case of BLS Netz AG, the semi-annual financial statements were used in the absence of any later figures. *Other financial interests* are carried at acquisition value minus any necessary value adjustments.

The Confederation held seven significant interests as of December 31, 2010. The criteria for classification as a significant interest are an equity value of at least 100 million and an equity stake of at least 20%. The equity value is corrected on an annual basis as per the change in the proportion of equity held, with the change in question having an impact on financial performance. The profits of the underlying companies lead to an increase in the equity value, whereas profit distributions and losses lead to a corresponding reduction. Profit distributions to the Confederation are not reflected in financial performance and are therefore recorded directly in the statement of financial position.

The recognized value of significant interests amounted to 18.8 billion. The increase of 955 million relative to 2009 was attributable to the following movements:

- *Share in the net profit* of companies of 2,400 million (+29 mn) minus profit distributions of 790 million (+20 mn).

- *Other equity movements* reduced the equity value by 654 million (-457 mn) and for the most part related to losses recognized under equity by Swisscom due to the currency conversion of results posted by foreign group companies. Due to the significance of the amount in question, the Confederation's share of the foreign currency loss for the fourth quarter of 2010 has already been recognized.

Other financial interests are 100% value adjusted to the greatest possible extent. The key changes are as follows: *additions* as a result of newly acquired financial interests in the area of development aid (30 mn) and the simultaneous full value adjustment of these interests (displayed under *other value change recognized in financial performance)*. Where *disposals* are concerned, the largest item relates to the partial redemption of the interest in Logis Suisse Holding, amounting to 13 million.

Significant interests and other group companies at 31.12.2010

CHF mn	Financial interest in %		Share capital	Consolidation/ valuation method	Acquisition value	Equity value/ carrying amount
Significant interests and other group companies					**12 536**	**18 857**
Controlled entities without share capital						
Swiss Federal Institutes of Technology Domain	n.d.		n.d.	Full consolidation	n.d.	n.d.
Board of the Swiss Federal Institutes of Technology	n.d.		n.d.	Full consolidation	n.d.	n.d.
Swiss Federal Institute of Technology Zurich	n.d.		n.d.	Full consolidation	n.d.	n.d.
Swiss Federal Institute of Technology Lausanne	n.d.		n.d.	Full consolidation	n.d.	n.d.
Paul Scherrer Institute, Würenlingen / Villigen	n.d.		n.d.	Full consolidation	n.d.	n.d.
Swiss Federal Institute for Forest, Snow and Landscape Research, Birmendsdorf	n.d.		n.d.	Full consolidation	n.d.	n.d.
Swiss Federal Laboratories for Materials Testing and Research, Dübendorf and St. Gallen	n.d.		n.d.	Full consolidation	n.d.	n.d.
Swiss Federal Institute of Aquatic Science and Technology, Dübendorf	n.d.		n.d.	Full consolidation	n.d.	n.d.
Swiss Alcohol Board	n.d.		n.d.	Full consolidation	n.d.	n.d.
Fund for major railway projects	n.d.		n.d.	Full consolidation	n.d.	n.d.
Infrastructure Fund for Urban Transportation and the Motorway Network	n.d.		n.d.	Full consolidation	n.d.	n.d.
Swiss Financial Market Supervisory Authority	n.d.		n.d.	Full consolidation	n.d.	n.d.
Swiss Federal Institute for Vocational Education and Training	n.d.		n.d.	Full consolidation	n.d.	n.d.
Swiss Federal Nuclear Safety Inspectorate	n.d.		n.d.	Full consolidation	n.d.	n.d.
Swiss Federal Institute of Intellectual Property	n.d.		n.d.	Full consolidation	n.d.	n.d.
Federal Audit Oversight Authority	n.d.		n.d.	Full consolidation	n.d.	n.d.
Swiss Export Risk Insurance	n.d.		n.d.	Full consolidation	n.d.	n.d.
Swiss National Museum (SNM)	n.d.		n.d.	Full consolidation	n.d.	n.d.
Controlled entities with share capital					**11 363**	**18 845**
Swiss Post	100,0		1 300	Equity	1 300	4 065
SBB	100,0		9 000	Equity	9 000	9 971
Swisscom	56,9		52	Equity	29	3 258
Ruag	100,0		340	Equity	340	698
BLS Netz AG	50,1		388	Equity	336	338
Skyguide	99,9		140	Equity	140	293
SAPOMP Wohnbau AG	100,0		171	Equity	171	222
Swissmedic	65,5		14,5	Full consolidation	n.d.	n.d.
Hotel Bellevue Palace	99,7		6	AV less value adj.	6	–
Swiss Technology Venture Capital Fund and preferred stock	100,0		30	AV less value adj.	30	–
Matterhorn Gotthard Infrastruktur AG	76,7		15	AV less value adj.	11	–
Other material financial interests					**1 173**	**12**
Council of Europe Development Bank	1,6	EUR	370	AV less value adj.	13	–
International Bank for Reconstruction and Development	1,7	USD	11 492	AV less value adj.	256	–
African Development Bank	1,5	USD	2 835	AV less value adj.	63	–
International Finance Corporation	1,7	USD	2 369	AV less value adj.	54	–
Asian Development Bank	0,5	USD	4 110	AV less value adj.	31	–
Inter-American Development Bank	0,5	USD	4 339	AV less value adj.	28	–
European Fund for Southeast Europe	6,5	EUR	423	AV less value adj.	12	–
Inter-American Investment Corporation	1,6	USD	706	AV less value adj.	11	–
European Bank for Reconstruction and Development	2,3	EUR	5 250	AV less value adj.	195	–
China Investment Fund	20,0	USD	79	AV less value adj.	20	–
Sino-Swiss Partnership Fund	70,0	CHF	63	AV less value adj.	19	–
India, Infrastructure Development Finance Co.	4,6	USD	455	AV less value adj.	15	–
African Infrastructure Fund	2,8	USD	363	AV less value adj.	15	–
Corp. Interamericana para el Financiamiento de Infraestr. S.A.	50,0	USD	20	AV less value adj.	11	–
Aureos East Africa Fund	17,5	USD	40	AV less value adj.	10	–
Swiss Development Finance Corporation	49,0	CHF	55	AV less value adj.	10	–
Rhaetian Railway	43,1	CHF	58	AV less value adj.	25	–
Zentralbahn	16,1	CHF	120	AV less value adj.	19	–
BLS AG	21,7	CHF	79	AV less value adj.	17	–
Other financial interests	n.d.	CHF	n.d.	AV less value adj.	349	12

n.d.: not displayed

Note: The paid-up capital is shown in the "share capital" column. Additionally, there is unpaid capital in the sense of guarantee capital in the case of the international development banks. The share attributable to Switzerland is recorded under contingent liabilities.

17 Current liabilities

CHF mn	2009	2010	Deviation vs. 2009 Absolute	%
Current liabilities	**12 218**	**13 536**	**1 318**	**10,8**
Current accounts	8 896	10 063	1 167	13,1
Trade payables	1 465	1 497	32	2,2
Foundations under management	95	80	-15	-15,8
Restricted funds from third-party payments	704	806	102	14,5
Other current liabilities	1 058	1 090	32	3,0

The 10.1 billion carrying amount for *current accounts* (+1.2 bn) consists primarily of the following positions:

- Credit balances of taxable persons and entities from withholding tax and stamp duty amounting to 2,814 million. The increase of 645 million in the carrying amount of this position was attributable to the improved situation in the financial markets in particular.
- Cantons' current accounts amounting to 2,051 million. The increase of 47 million was attributable to the higher resource and burden equalization in the cantons' favor. The Confederation collects the contributions of the cantons rich in resources to resource equalization and hardship relief, and forwards these sums together with its own contributions to the recipient cantons twice a year. The second tranche was due at year-end and was paid out at the beginning of 2011. The cantons' liabilities stand against credit balances amounting to 1,031 million.
- Credit balances of taxable persons and entities from value added tax amounting to 1,669 million. The increase of 303 million can be explained by the improved economic situation compared with the previous year.
- Investment accounts of international organizations amounting to 1,433 million (+87 mn). Of this figure, 968 million (+17 mn) relates to the CERN pension fund.
- AHV portion of the value added tax share amounting to 597 million (+171 mn).
- Cantons' share of withholding tax amounting to 491 million (+60 mn).
- Current account of the Swiss National Science Foundation amounting to 328 million (-16 mn).
- Current account of PUBLICA for loans to cooperative residential associations managed on a fiduciary basis amounting to 189 million (-1 mn). This position stands against loans for the equivalent amount.
- Cantons' share of mileage-related heavy vehicle charges amounting to 171 million (+31 mn).

Trade payables consist of outstanding supplier invoices. As part of the measures to stabilize the economy, the Confederation once again settled its supplier invoices directly after having checked them in 2010, without taking advantage of the agreed payment terms. The increase of 32 million in trade payables was essentially attributable to outstanding invoices from the cantons for basic contributions to the promotion of higher education.

Restricted funds from third-party payments were for the most part competitively acquired by the institutions of the ETH Domain. These funds are earmarked for predefined research projects, and are accordingly appropriated and recognized in profit and loss according to the progress of the project in question.

Other liabilities essentially consist of safekeeping accounts amounting to 854 million (+12 mn) as well as cash deposits of 201 million (+14 mn). Safekeeping accounts include the nuclear damage fund (436 mn) and the SIFEM fund (99 mn).

The proportion of liabilities concerning related (legal) parties and organizations is reported under section 43/6.

18 Financial liabilities

CHF mn	2009 Carrying amount	2009 Market value	2010 Carrying amount	2010 Market value
Short-term financial liabilities	**10 330**	**n.d.**	**13 092**	**n.d.**
Money market*	6 947	6 944	9 181	9 178
Savings bank for federal employees*	2 955	n.d.	3 106	n.d.
Negative replacement values	397	n.d.	777	n.d.
Other short-term financial liabilities	31	n.d.	28	n.d.
Long-term financial liabilities	**86 194**	**n.d.**	**81 651**	n.d.
Federal government companies	50	n.d.	50	n.d.
Bonds	86 119	96 989	81 538	92 946
Other long-term financial liabilities	25	n.d.	63	n.d.

n.d.: not displayed
* Average interest:
– Money market 2010: 0.64% (2009: 0.77%)
– Savings bank for federal employees 2010: 1.375% (2009: 1.87%)

Financial liabilities are carried at nominal value. The market value indicates the actual value of the financial liabilities as of the reference date. The average interest rate relates to all financial positions of the year under review.

As the cash inflows proved greater than expected, the need for liquid funds from the market was reduced. While the level of *money market claims* rose by 2.2 billion, that of *bonds* declined by 4.6 billion. Due to the slightly higher prices (lower yields) at year-end relative to 2009, the decline in the market value of federal bonds (4.0 bn) was less than the decline in nominal value.

The negative replacement values relate to derivative financial instruments. In particular, the foreign currency forward contracts increased significantly in value as a result of the negative development of the dollar and the euro.

When issuing federal bonds, the Confederation can reserve so-called "free proprietary quotas". These can then be placed on the market at a later date, in keeping with the market situation. From this point onward, the Confederation's debt increases. The free proprietary quotas as of the reference date amounted to 3,295 million.

Maturity structure of short-term money market claims and bonds

2010 CHF mn	Nominal value – Maturities: < 1 month	1–3 months	3 months – 1 year	1–5 years	> 5 years	Carrying amount Total
Short term: money market claims	2 839	4 769	1 573	–	–	9 181
Long term: bonds	–	–	7 632	25 383	48 523	81 538

2009 CHF mn	Nominal value – Maturities: < 1 month	1–3 months	3 months – 1 year	1–5 years	> 5 years	Carrying amount Total
Short term: money market claims	1 891	3 387	1 669	–	–	6 947
Long term: bonds	–	–	8 702	29 432	47 985	86 119

19 Accrued expenses and deferred income

CHF mn	2009	2010	Deviation vs. 2009 Absolute	%
Accrued expenses and deferred income	**6 156**	**6 458**	**302**	**4,9**
Interest	2 013	1 954	-59	-2,9
Premium	1 556	1 624	68	4,4
Other accrued expenses and deferred income	2 587	2 880	293	11,3

Accrued expenses and deferred income for *interest* declined by 59 million year-on-year as a result of lower bond holdings and the lower interest rate environment.

The *premium* increased by 68 million, as the share of the premium to be amortized was smaller than the newly generated premium for 2010. The premium generated when initially issuing or increasing a bond is carried as deferred income and amortized over the residual term.

The increase in *other accrued expenses and deferred income* can be explained to a large extent by the increase in applications for a withholding tax refund which were either received during the first ten calendar days of the following year or are expected with a high degree of certainty (+274 mn). Withholding tax accruals amounted to 2,397 million (2009: 2,123 mn). The remaining accruals and deferrals declined only marginally compared with 2009 and comprise the following key individual positions:

- Accruals for individual disability insurance measures amounting to 136 million.
- Deferrals of receipts received in advance from meat quota auctions for 2011 amounting to 62 million.
- Accruals for direct payments, dairy industry and sales promotion amounting to 48 million.
- Subsidies for regional passenger transportation for the 2011 timetable period amounting to 43 million.
- Accruals in the buildings area of 27 million for costs incurred in building projects.
- Advance EPFL payments for 2011 amounting to 22 million.
- Accruals for emergency lump-sum assistance in the area of asylum amounting to 21 million.

20 Provisions

2010 CHF mn	Total	Withholding tax	Military insurance	Coins in circulation	Other
Balance at 1.1.	**13 844**	**8 900**	**1 627**	**1 950**	**1 367**
Creation (incl. increase)	635	400	13	82	140
Reversal	-126	–	–	–	-126
Appropriation	-142	–	-83	-8	-51
Balance at 31.12.	**14 211**	**9 300**	**1 557**	**2 024**	**1 330**
of which short term	379	–	–	–	379

2009 CHF mn	Total	Withholding tax	Military insurance	Coins in circulation	Other
Balance at 1.1.	**14 695**	**9 800**	**1 652**	**1 897**	**1 346**
Creation (incl. increase)	190	–	23	63	104
Reversal	-941	-900	–	–	-41
Appropriation	-100	–	-48	-10	-42
Balance at 31.12.	**13 844**	**8 900**	**1 627**	**1 950**	**1 367**
of which short term	491	–	–	–	491

Provisions increased by 367 million compared with the previous year. The various provisions break down as follows:

Withholding tax

The withholding tax provision covers expected future tax refund claims in respect of revenue which has already been recognized on the basis of tax returns received. Under the applicable measurement basis, a percentage is deducted from gross receipts recorded (tax returns), which are presumed to have been paid out as refunds or recorded as accrued expenses in the year under review. An empirical value representing the residual share of net income due to the Confederation is also deducted. The balance is the level of provision required to match the share of receipts likely to be claimed as refunds in subsequent years. Based on the information currently available, it is possible to determine only the refunds from receipts outstanding in the current year. Any amounts payable from receipts in previous years are not reflected in the level of provision calculated.

The 400 million increase in the provision is attributable mainly to the increase in gross receipts. The higher gross receipts were only partly offset by the increase in refunds and accrued expenses and deferred income.

Military insurance

Suva operates a military insurance scheme (MI) as a separate social security fund on behalf of the Confederation. In the event of claims giving rise to pension entitlements under the military insurance scheme, provision must be made for the projected pension liabilities. Actuarial methods are used to calculate the provision required. This involves capitalizing all pensions in payment based on an assessment of the relevant parameters (mortality, size of pension, inflation assumptions, etc.). The amount of the provision is recalculated on an annual basis. In response to the declining number of pensioners, the provision decreased by 70 million compared with the previous year.

Coins in circulation

A provision is made for coins in circulation. The amount of the provision is based on the nominal value of newly minted coins supplied to the SNB (82 mn). Coins to the value of 8 million have been withdrawn and destroyed. These withdrawals are shown under “Appropriation” for this provision.

Other provisions

The main items under “Other provisions” are as follows:

Vacation and overtime; 322 million:
Staff vacation entitlement and overtime decreased by around 2% compared with 2009 (-1 mn). The average entitlement per employee is less than three weeks, and is therefore in line with private sector employers of equivalent size. The decrease in staff entitlements was partially offset by a slight increase in wage costs. Vacation and overtime provision overall amounted to 322 million.

Pensions for members of the Federal Council, judges of the Federal Supreme Court, and the Federal Chancellor and Vice-Chancellor; 275 million:
Members of the Federal Council, ordinary judges of the Federal Supreme Court, and the Federal Chancellor and Vice-Chancellor are not insured with PUBLICA. Their occupational retirement benefits consist of a pension on retiring from office and survivors’ pensions. The applicable statutory provisions are laid

down in the Federal Act Governing Remuneration and Retirement Benefits Due to Members of the Federal Council, Judges of the Federal Supreme Court, and the Federal Chancellor and Vice-Chancellor of October 6, 1989 (SR *172.121*) and the Federal Assembly Ordinance Governing Remuneration and Retirement Benefits Due to Members of the Federal Council, Judges of the Federal Supreme Court, and the Federal Chancellor and Vice-Chancellor of October 6, 1989 (SR *172.121.1*). The retirement plan is funded by the Confederation. The mathematical reserve calculated using actuarial principles amounts to 275 million. The provision for pensions, which is recalculated every five years, increased by 25 million in 2010 relative to the value previously calculated.

Federal military buildings; 227 million:
Provisions for structural alterations prescribed by law in relation to contaminated site clean-up, drainage and seismic safety. In 2010, 20 million was appropriated in provisions for demolitions, decommissioning and disarmament. Conversely, the provision for measures relating to drainage infrastructure and drinking water supplies increased by 55 million. Possible implementation period: 2011 to 2013.

Federal civilian buildings; 128 million:
Provisions cover primarily dismantling and disposal costs (69 mn) incurred in connection with the decommissioning of nuclear facilities which are operated by the Paul Scherrer Institute (PSI). Other significant provisions have been established for structural alterations prescribed by law in order to comply with fire safety, seismic safety and asbestos removal requirements. In particular, new provisions amounting to 11 million for seismic safety were established under this line item in 2010. A total of 10 million was reversed, consisting primarily of contaminated site and environmental risk provisions. 3 million of the 128 million in aggregate provisions is recognized as short-term provisions.

Unearned insurance premiums; 118 million:
The provision for unearned insurance premiums covers Swiss Export Risk Insurance premiums which were received in 2010 and in previous years but are earned only during the period of coverage. For premium revenue recognition purposes, 20% of premiums are immediately allocated as an administrative allowance for the current financial year. The remaining 80% are recognized as revenue based on the spread of risk over the contractual terms applying to individual transactions. In the event of a claim, any unutilized portion of the premium is realized immediately. Reserves increased by 6 million in 2010, which is in line with the normal range of variability.

Dismantling of accelerator facility; 70 million:
The Paul Scherrer Institute operates the Federal Interim Storage Facility for the interim storage of radioactive waste which is produced from the operation and dismantling of nuclear facilities and from medicine, industry and research. Accelerator waste produced when replacing individual components with upgraded versions is embedded in concrete containers and also stored at the Federal Interim Storage Facility. It will be necessary to dispose of any radioactive components remaining after this facility is decommissioned. This item is unchanged from the prior year.

Radioactive waste; 52 million:
The Confederation is responsible for disposing of radioactive waste from medicine, industry and research (MIR waste) (Art. 33 (1) of the Nuclear Energy Act of March 21, 2003). The radioactive waste is generally collected annually under the management of the Federal Office of Public Health (FOPH). The Paul Scherrer Institute (PSI) functions as the federal collection center responsible for the conditioning and interim storage of radioactive waste. The provision for radioactive waste is intended to cover the estimated costs of interim storage and the subsequent costs of final storage. The provision is topped up annually by fees collected for this purpose by the Paul Scherrer Institute (2 mn).

Provisions for outstanding claims; 40 million:
Swiss Export Risk Insurance makes a provision for reported but still unpaid claims. Once the claim has been paid, the provision is reversed, with the amount paid out recorded as a receivable and written off. Swiss Export Risk Insurance adopts a conservative approach to provisions, i.e. using a prudent recognition basis. In 2010, the assignment of the "Ilisu" transaction and resulting premium refunds enabled 40 million in provisions established for this purpose to be reversed. Conversely, there was an increase in reported claims due to poorer economic performance, necessitating the creation of 36 million in new provisions. Total provisions decreased by 3 million.

Defense social plan costs; 26 million:
The provision for early retirements expected in the next few years decreased by 16 million as a result of social plan payouts (shown under *appropriation*). The level of provision was also reduced by a further 78 million due to the suspension of workforce reduction (shown under *reversal*).

Core and disposable inventory of armasuisse; provision appropriated in 2010:
The 22 million provision recognized in 2009 for costs incurred in connection with the transfer of properties no longer required by the army from core inventory to disposable inventory was fully appropriated in the year under review. The provision financed the costs incurred in connection with unplanned write-downs of residual values, decommissioning (e.g. removal of materials that could be harmful to the environment if unused), and demolitions required on the grounds of property owner's liability (e.g. charged demolition targets).

21 Other liabilities

CHF mn	2009	2010	Deviation vs. 2009 Absolute	%
Other liabilities	**1 727**	**1 294**	**-433**	**-25,1**
Liabilities toward restricted funds in liabilities	1 727	1 294	-433	-25,1

Other liabilities consist of special financing and special funds under Articles 52 and 53 of the Financial Budget Act.

Depending on the type of financing, *special financing* is attributed to liabilities or net assets/equity. Insofar as the law expressly provides for flexibility in the use of the financing or the time at which it may be used, special financing is allocated to restricted funds in net assets/equity, and to restricted funds in liabilities in all other cases. In other words, the allocation of special financing to liabilities or net assets/equity shows the extent to which funds have a predetermined use. If restricted receipts exceed or fall short of the equivalent expenditure in the reporting period, the difference must be credited to or debited from the fund. Restricted funds in liabilities are recognized in the statement of financial performance *(net expense for or net revenue from restricted funds in liabilities)*. Any changes in restricted funds in net assets/equity are recognized directly in the statement of financial position, rather than the statement of financial performance, and credited to or debited from the accumulated deficit (cf. section 34, Statement of net assets/equity).

Special funds are also allocated to liabilities or net assets/equity depending on their economic attributes. Special funds normally fall under net assets/equity. Special funds in liabilities are recorded under other liabilities. Unlike special financing, receipts and expenditure relating to special funds are recorded in the statement of financial position, rather than in the statement of financial performance (cf. section 34, Statement of net assets/equity).

The decrease in other liabilities was attributable to somewhat opposing developments. The most significant components and changes relate to the following:

- *VOC and "extra-light" heating oil incentive fees* are levied on volatile organic compounds (Environmental Protection Act Ordinance of November 12, 1997; SR *814.018*). Fees are redistributed to the public with a two-year time lag. There was a 13 million shortfall in restricted receipts compared with the amounts redistributed, necessitating a withdrawal from the fund. Holdings amount to 256 million.
- *CO_2 tax on fuel* is an incentive fee on fossil fuels (Federal Act of October 8, 1999 on the Reduction of CO_2 Emissions, SR *641.71*, and CO_2 Tax Ordinance, SR *641.712*). The law provides that a third of the funds collected after 2010, but no more than 200 million, shall be appropriated for measures to reduce CO_2 emissions from buildings (building renovation and promotion of renewable energy use in buildings). The remaining restricted receipts are redistributed to families and companies. In the interests of transparency, two separate restricted funds are maintained. In conjunction with phase 3 of the economic stabilization measures, parliament resolved to redistribute receipts from 2008-2010 during 2010, resulting in a total withdrawal from the fund of 476 million. The redistribution and funding for the building program are provided within the fiscal year based on estimated annual receipts. Because receipts in 2010 were lower than projected, both the *CO_2 tax fund for redistribution* and the *CO_2 tax fund for the building program* show deficits of 29 million and 4 million respectively.
- *Casino tax* receipts (Art. 94 of the Gambling Ordinance of September 24, 2004; SR *935.521*) in favor of AHV are transferred with a two-year time lag. Receipts in the fiscal year were 74 million down on the 2008 figure (adverse economic conditions, ban on smoking in public places). Fund assets amount to 796 million.
- The special financing *contaminated site fund* (Ordinance of September 26, 2008 on the Charge for the Remediation of Contaminated Sites; SR *814.681*) is concerned with the levying of a tax on waste disposal and the ring-fencing of revenue for the removal of toxic waste. Resource problems experienced by the cantons and ongoing investigations concerning the former hazardous waste facility in Kölliken precluded the use of funds earmarked for clean-up projects. As a result, the net expense for the fund increased from 21 million to 129 million.
- Federal family allowances are financed through the *family compensation fund* special fund (Family Allowances Act of March 24, 2006; SR *836.2* and Article 15 of the Family

Allowances Ordinance of October 31, 2007; SR *836.21*). Family allowances are designed to provide a certain level of compensation toward the cost of raising a family. These are monthly allowances paid to employees in the form of child, education, birth and adoption allowances. The family compensation fund covers the minimum contributions due from employers. A third of the statutory fluctuation reserve is financed by the Confederation as employer and two-thirds by other employers. Fund assets (including the fluctuation reserve) increased to 75 million in the year under review. In 2009, the fund balance of 56 million was reported under current liabilities (section 17).

- The balance of the special financing for *family allowances for agricultural workers and farmers in mountain areas* (Arts. 20 and 21 of the Federal Act of March 24, 2006 on Family Allowances in Agriculture; SR *836.01*) still stands at 32 million. Interest income from the fund is appropriated toward the reduction of cantonal contributions in the relevant year.

There are two other major categories of special financing, which held no assets as of the reporting date. The applicable restricted receipts are appropriated in full during the year in which they are raised:

- The 877 million for the *health insurance* fund is derived from value added tax (Federal Act of March 18, 1994 on Health Insurance; SR *832.10*). These funds are paid out to finance individual premium reductions.

- Restricted receipts allocated to *the old age, survivors' and disability insurance* fund (5,296 mn) are transferred to the AHV compensation fund (Federal Act of December 20, 1946 on the Old-Age and Survivors' Insurance; SR *831.10*) and to the disability insurance (IV) compensation fund (Federal Act of June 19, 1959 on Disability Insurance; SR *831.20*).

43 Further explanations

1 Segment reporting

2010 CHF mn	Social welfare	Finances and taxes	Transpor-tation	Education & research	National defense	Agriculture & food	International relations - international cooperation	Other task areas	Total
Result from operating activities									**5 491**
Operating revenue	**224**	**59 114**	**44**	**556**	**265**	**227**	**22**	**1 707**	**62 159**
Operating expenses	**18 513**	**7 058**	**7 822**	**6 301**	**4 160**	**3 690**	**2 704**	**6 420**	**56 668**
Personnel expenses	269	94	166	1 939	1 338	82	543	2 427	6 858
Other operating expenses	222	263	522	614	2 421	57	287	1 369	5 755
Depreciation	15	4	1 389	390	209	2	3	279	2 291
Transfer expenses	18 007	6 697	5 745	3 358	192	3 549	1 871	2 345	41 764
Investments	**9**	**1**	**1 877**	**372**	**251**	**7**	**–**	**302**	**2 819**
In tangible fixed assets	1	1	1 865	372	250	2	–	258	2 749
In intangible fixed assets	8	–	12	–	1	5	–	44	70
Full-time employees (FTE)									49 591

2009 CHF mn	Social welfare	Finances and taxes	Transpor-tation	Education & research	National defense	Agriculture & food	International relations - international cooperation	Other task areas	Total
Result from operating activities									**7 007**
Operating revenue	**239**	**58 413**	**1 065**	**502**	**268**	**238**	**20**	**1 259**	**62 004**
Operating expenses	**18 092**	**6 960**	**7 628**	**5 953**	**4 213**	**3 705**	**2 601**	**5 845**	**54 997**
Personnel expenses	264	84	156	1 893	1 411	81	534	2 343	6 766
Other operating expenses	209	268	512	594	2 509	50	234	1 645	6 021
Depreciation	14	5	1 350	328	129	2	2	314	2 144
Transfer expenses	17 605	6 603	5 610	3 138	164	3 572	1 831	1 543	40 066
Investments	**10**	**5**	**2 773**	**413**	**268**	**5**	**3**	**378**	**3 855**
In tangible fixed assets	–	5	2 764	412	267	2	3	338	3 791
In intangible fixed assets	10	–	9	1	1	3	–	40	64
Full-time employees (FTE)									48 833

The segment report shows operating revenue and expenses as well as investments by task area. Unlike the state financial statements, which focus on receipts and expenditure, the following segment reports are presented in terms of financial performance. The main difference, therefore, is that depreciation and amortization are charged against the operating result instead of investment expenditure. For the sake of completeness, the investments carried out are also presented. The individual task areas are shown from a different perspective due to the entities included in the consolidated financial statements, i.e. the infrastructure fund, fund for major railway projects, and the ETH Domain. The table above clearly shows the preponderance of transfer expenses in the budget, which impact on almost all task areas.

Social welfare

The 402 million increase in *transfer expenses* was due mainly to additional spending on old age and survivors' insurance (AHV) (+264 mn) and higher expenditure in respect of individual premium reductions (+161 mn). While the AHV increase was linked to demographic trends (increase in the number of retirees) and higher levels of VAT revenue, individual premium reductions were impacted mainly by the further rise in compulsory health insurance costs. In contrast, expenditure on disability insurance (IV) decreased. The 4th and 5th revisions of disability insurance resulted in fewer new retirees, reducing the federal contribution by 58 million, or 1.6%.

Finances and taxes

The segment report breaks down only the operating result by task area, which means that financial expense and revenue are not taken into account – unlike in the state financial statements. The 701 million increase in *operating revenue* was largely attributable to growth in tax revenue, particularly value added tax (cf. section 42/1). The increase in transfer expenses resulted mainly from additional expenditure of just under 100 million on financial equalization due to the increase in the cantons' resource potential.

Transportation

Motorways are capitalized under tangible fixed assets. Motorway-related expenditure eligible for capitalization is therefore reported as *investments.* In contrast, expenditure on railway infrastructure is included under *transfer expenses,* since the infrastructure is capitalized at the level of the individual operators and not at the level of the Confederation. Depreciation on motorways increased again year-on-year (+39 mn). This trend is set to continue over the next few years due to the high volume of investments. Because the cantons' capitalized share in the motorways in operation was relatively small (2009: 1,024 mn), there was a corresponding decrease in additions under *investments* in 2010. The operating revenue also decreased for the same reason (capitalization of cantons' share recognized in other revenue). The year-on-year increase in transfer expenses (+135 mn) was attributable primarily to the higher infrastructure contributions paid to the SBB and private railways (licensed transportation companies) (+172 mn). The shift away from investment contributions for value preservation purposes toward loans for expansion investment essentially accounted for this growth. Loans are not recognized in investments and are thus not shown in the segment report.

Education and research

Operating expenses increased by 348 million, or 5.8%, compared with the previous year. Higher sums were paid out to third parties for basic research (97 mn) and vocational education (+68 mn), while expenditure in the ETH Domain increased by 95 million. This increase was partly due to the higher volume of projects financed through second-party resources and third-party funds. Inflows of second-party resources and third-party funds are shown in operating revenue. *Investments* relate primarily to real estate and technical equipment and machinery for the ETH Domain.

National defense

The decrease in *other operating expenses* (-88 mn) was largely attributable to lower armament investments which are ineligible for capitalization (94 mn). A non-recurring revaluation resulted in unusually low *depreciation* in 2009. *Investments* consist primarily of investments in military assets and buildings.

Agriculture and food

There was a 1% increase in *transfer expenses* in respect of direct agricultural payments (+27 mn), due mainly to transfers of resources away from market support measures toward direct payments. Market support measures decreased by 59 million compared with the previous year, resulting in an overall reduction in expenses in the area of agriculture. Market support expense items (milk and livestock sectors, crop production) within the dairy industry were down only slightly on the prior-year level (-6 mn). This was essentially due to 10.5 million in supplementary credit to stabilize the milk market.

International relations – international cooperation

Other operating expenses increased by 53 million across a range of items. The higher *transfer expenses* were largely attributable to the 38 million increase in development assistance for Southern and Eastern countries. This increase was due to the replenishment of the financial resources of the International Development Association (IDA), financial aid for humanitarian operations and the promotion of bilateral initiatives in the context of technical cooperation.

2 Debt (gross and net debt)

CHF mn	2009	2010	Deviation vs. 2009 Absolute	%
Gross debt	**108 742**	**108 279**	**-463**	**-0,4**
Current liabilities	12 218	13 536	1 318	10,8
Short-term financial liabilities	10 330	13 092	2 762	26,7
Long-term financial liabilities	86 194	81 651	-4 543	-5,3
Net debt	**89 070**	**86 125**	**-2 945**	**-3,3**
Gross debt	108 742	108 279	-463	-0,4
Deductions	*19 672*	*22 154*	*2 482*	*12,6*
Cash and cash equivalents	3 190	6 251	3 061	96,0
Receivables	6 072	7 342	1 270	20,9
Short-term financial investments	4 260	514	-3 746	-87,9
Long-term financial investments	78	75	-3	-3,8
Loans held to maturity	6 072	7 972	1 900	31,3

Gross debt declined by 0.5 billion to 108.3 billion in the year under review. While there was a decline of 4.5 billion in long-term financial liabilities, there was an increase of 4.1 billion in short-term debt. Thanks to the robust economic growth, gross debt was once again reduced.

The debt increase of 1.3 billion under *current liabilities* was essentially the result of the higher balance of current accounts and an increase in restricted funds from third-party payments. The increase in *short-term financial liabilities* was driven in particular by the use of money market claims amounting to 2.2 billion. The 4.6 billion debt reduction under *long-term financial liabilities* was the result of the net decline in outstanding bonds.

Net debt is made up of gross debt minus cash and cash equivalents, receivables, short-term and long-term financial investments, and loans held to maturity.

Net debt declined by 2.9 billion. The key changes within the deducted elements were as follows: the increase in *receivables* was based on a rise in tax and customs receivables as well as in current accounts. The increase in *loans held to maturity* was primarily attributable to the increase of 1.8 billion in the unemployment insurance loan granted. The changes in *cash and cash equivalents* are netted off against the *short-term financial investments* position, as fixed-term deposits with a term of under 90 days are now reported under cash and cash equivalents. Overall, there was a decline in both positions of 685 million, which feeds through in net terms in the decrease in bank deposits.

3 Contingent liabilities

A contingent liability is
- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of some future event which is not within the entity's control (e.g. guarantees), or

- a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability (criteria for recognizing a provision are not met, e.g. litigation in progress with low probability of loss).

Contingent liabilities arise from the same set of circumstances that would require the recognition of provisions (failure of performance or payment by third parties), although no present obligation currently exists, and the probability of an outflow of resources is less than 50%.

Employee retirement benefits and other employee benefits

Employee retirement benefits mean obligations under pension plans, which pay out benefits upon retirement, death or disability. Employee retirement benefits are measured in accordance with the methods prescribed in IPSAS 25. Notwithstanding IPSAS 25, employee retirement benefits are not recognized as provisions, but rather as contingent liabilities in the notes to the consolidated financial statements.

All employees of entities included on a full consolidation basis are insured by PUBLICA under the individual pension schemes of the entities concerned. These schemes qualify as defined benefit plans under IPSAS 25 due to the regulatory benefits promised to employees. In addition to pension fund benefits, other long-term employee benefits recognized and measured under IPSAS 25 were as follows:
- Long-service benefits;
- Pre-retirement benefits for staff employed under specific contracts of employment (parent entity) in accordance with Articles 33 and 34 of the Federal Personnel Ordinance;
- Early retirement benefits paid out within the scope of restructuring.

Actuarial assumptions

	2009	2010
Discount rate	2.60%	2.10%
Expected long-term return on retirement assets	3.50%	3.50%
Expected salary trend	1.50%	1.50%
Expected pension adjustments	0.25%	0.15%

The present value of retirement benefits as of December 31, 2010 was based on the total number of employees insured on July 1, 2008 extrapolated to the end of 2010. The actuarial assumptions reflected in the table above were applied as of December 31, 2010. Employee retirement benefits were measured according to the Projected Unit Credit (PUC) method by external actuarial experts. According to this method, the value of employee retirement benefits on the reporting date is equal to the present value of entitlements acquired up to that date. The determining parameters include the insurance term, expected salary on normal retirement age, and the periodic adjustment of pension payments to inflation. Under the PUC method, contributions to projected actuarial reserves at the time of retirement are not built up incrementally, but accumulated on a straight-line basis over the remaining period in which the employee is in service.

The actuarial assumptions shown in the table above are applied by the two largest pension funds (Confederation as parent entity, ETH Domain). Some slightly different assumptions are used by the other consolidated entities.

Retirement benefit obligations and other employee benefits

CHF mn	2009	2010	Deviation vs. FS 2009 Absolute	%
Present value of funded net retirement benefit obligations	-29 055	-30 697	-1 642	5,7
Plan assets at fair value	26 420	27 328	908	3,4
Funded net retirement benefit obligations	**-2 635**	**-3 369**	**-734**	**27,9**
Present value of unfunded net retirement benefit obligations	-701	-654	47	-6,7
Total net retirement benefit obligations	**-3 336**	**-4 023**	**-687**	**20,6**

The present value of total *employee retirement benefits* increased from 29,756 million to 31,351 million in the 2010 fiscal year. PUBLICA pension funds account for 30,697 million of this total *(funded retirement benefits)* and other long-term employee benefits for 654 million *(unfunded retirement benefits).*

Plan assets are measured at fair value based on provisional plan assets available as of November 30, 2010. Plan assets increased from 26,420 million to 27,328 million. PUBLICA generated a return of more than 5% in 2010.

A comparison of total employee retirement benefits and the fair value of plan assets shows a funding deficit of 4,023 million as of December 31, 2010. Comparing only funded retirement benefits against the fair value of plan assets, the funding deficit based on IPSAS 25 is 3,369 million.

Net retirement benefit cost/gains

CHF mn	2009	2010	Deviation vs. FS 2009 Absolute	%
Current service cost of employer (net)	487	461	-26	-5.3
Interest cost	744	753	9	1.2
Expected return on assets	-856	-913	-57	6.7
Recognized net gains on long-term employee benefits	–	-10	-10	n.d.
Ordinary net retirement benefit cost	**375**	**291**	**-84**	**-22.4**
Extraordinary net retirement benefit cost/gains (curtailment)	–	–	–	n.d.
Net retirement benefit cost/gains	**375**	**291**	**-84**	**-22.4**

n.d.: not displayed

The regular *net retirement benefit cost* is equal to the difference between the *service cost* (present value of the obligation resulting from employee service in the reporting period) and the *interest cost* for both accumulated retirement benefits and the expected *return* on plan assets. The net retirement benefit cost amounted to 291 million based on the provisions of IPSAS 25.

Development of liabilities

CHF mn	2009	2010	Deviation vs. FS 2009 Absolute	%
At 1.1.	**-4 497**	**-3 336**	**1 161**	**-25,8**
Net retirement benefit cost/gains	-375	-291	84	-22,4
Sum for immediate recognition	828	-1 142	-1 970	-237,9
Employer contributions	708	746	38	5,4
At 31.12.	**-3 336**	**-4 023**	**-687**	**20,6**

The total change in liabilities of -687 million year-on-year (cf. “Retirement benefit obligations and other employee benefits” table) consists of the net retirement benefit cost (cf. “Net retirement benefit cost/gains”), actuarial gains and losses to be recognized immediately, and employer contributions.

Total *employer contributions* paid in 2010 amounted to 746 million. Employer contributions represent the total amount of regulatory savings and risk contributions paid for insured employees, which rise sharply as a percentage of the insured salary in line with incremental increases as the insured employee ages. According to IPSAS, these ordinary contributions of 746 million must be compared with the current service cost of 461 million arising from employee service in 2010 calculated using the PUC method. The difference is attributable mainly to the straight-line attribution of benefit cost over the period of service of individual employees using the PUC method and the relatively high average age of employees. The PUC method is also based on other actuarial assumptions, such as employee turnover, future interest on retirement savings, or salary increases.

In accordance with paragraph 107 of IPSAS 25, actuarial gains and losses (amounts to be recognized immediately) are recognized in full in the period in which they occur.

Further contingent liabilities

CHF mn	2009	2010	Deviation vs. 2009 Absolute	%
Further contingent liabilities	**10 470**	**9 960**	**-510**	**-4,9**
Sureties	3 667	3 673	6	0,2
Guarantee liabilities	5 407	4 814	-593	-11,0
Legal cases	142	219	77	54,2
Other contingent liabilities	1 254	1 254	–	–

Further contingent liabilities include sureties, guarantee liabilities, litigation in progress and other contingent liabilities.

The majority of *sureties* relate to social housing construction projects. The Confederation has guaranteed loans to the value of 2,584 million to public sector entities, developers and organizations for the development of land for housing purposes under Article 12 of the Housing Construction and Home Ownership Act (HCHOA, SR *843*). In relation to national economic supply, guaranteed credit has been extended in the amount of 581 million to ensure sufficient numbers of ocean-going vessels sailing under the Swiss flag (Federal Gazette *1992* 1004). Guarantees have also been issued in respect of bank loans to the value of 328 million to facilitate the financing of compulsory reserves in accordance with Article 11 of the National Economic Supply Act (NESA, SR *531*). Additional guarantees have been issued in the amount of 180 million in relation to local economic development and regional policy, e.g. under Article 5 of the Federal Act on Financial Aid for Guarantee Organisations in Favor of Small and Medium-Sized Enterprises (SR *915.25*; 137 mn).

Guarantee liabilities include:

- *Guarantee capital* totaling 4,333 million in relation to the following development banks and organizations: Asian, Inter-American and African Development Banks, Multilateral Investment Guarantee Agency, International Bank for Reconstruction and Development, Media Development Loan Fund credit guarantee, European Bank for Reconstruction and Development, Council of Europe Development Bank;

- *Credit guarantees* of 310 million to the Swiss National Bank (SNB) in respect of loans granted to the International Monetary Fund (IMF) under the Enhanced Structural Adjustment Facility, and a guarantee for a 169 million loan to the Collective Institution responsible for the enforcement of international mutual benefits assistance in relation to health insurance.

The 593 million decrease in guarantee liabilities was linked to the depreciation of the US dollar and the euro.

Legal cases include 210 million in refunds that may be payable in respect of the mileage-related heavy vehicle charge. Around 3,000 vehicle owners lodged appeals with the Directorate General of Customs against the reassignment of Euro 3 vehicles to a higher tax category on January 1, 2008, to take effect one year later. After the Federal Administrative Court dismissed the appeals on August 20, 2010, the appellants referred the decision to the Federal Supreme Court. A decision by the Federal Supreme Court was still pending as of December 31, 2010. If the change of category were rejected, it would be necessary to refund a total of 210 million for 2009 and 2010. Contingent liabilities amounting to 140 million, which were recognized in 2009 in relation to earlier litigation concerning mileage-related heavy vehicle charge rates, have been reversed in full based on the Federal Supreme Court decision handed down on April 19, 2010.

Other contingent liabilities include potential outflows of funds in relation to buildings. The largest items relate to environmental costs in connection with contaminated sites and asbestos removal (614 mn), compliance with statutory requirements in relation to drainage infrastructure, water supplies and seismic safety (567 mn), as well as decommissioning and reinstatement costs (73 mn). This item is unchanged relative to 2009.

4 SERV liability scope

The Federal Council is responsible for determining the maximum scope of Swiss Export Risk Insurance (SERV) insurance liabilities. This currently amounts to 12 billion. The liability scope sets the total exposure ceiling, in other words, the overall volume of insured benefits of SERV vis-à-vis its policyholders. The liability scope is reviewed periodically and adjusted where necessary.

At the end of 2010, the sum of insurance liabilities amounted to 8.7 billion, whereby the liability scope was 72% utilized. There was no application for an increase of the liability scope during the year under review.

5 Contingent assets

CHF mn	2009	2010	Deviation vs. 2009 Absolute	%
Contingent assets	**17 867**	**19 167**	**1 300**	**7,3**
Unrecognized receivables from direct federal tax	17 800	19 100	1 300	7,3
Other contingent assets	67	67	0	0,0

A contingent asset is a potential asset position that owes its existence to a past event, whereby the definitive realization of the position is subject to confirmation by a future event. The occurrence of this event cannot be influenced. In addition to contingent assets, the unrecognized assets of the Confederation are also reported under this position.

Unrecognized receivables from direct federal tax (net, excluding cantons' share of 17%): the direct federal tax is levied *ex post* and only falls due in the year following the fiscal year in question. The booking of receipts is undertaken by the federal government to coincide with the delivery of the federal government's share by the cantons (cash accounting). If the direct federal tax were levied at the end of 2010, there would still be an estimated 19.1 billion in receipts anticipated in following years. These assets are owed to the Confederation by law. Recognizing all receivables up to and including the 2010 tax year is not possible, however, as these are not yet available as of the reporting date. For this reason, the estimated outstanding balances are reported outside of the statement of financial position as contingent assets. Their level corresponds to the receipts that are still anticipated. This estimation takes into account the fact that receipts from direct federal tax for a specific fiscal year actually come in over a period of several years. The lion's share (around 75%) is received in the year following the relevant fiscal year. Increasingly smaller amounts for the fiscal year in question are then received in subsequent years. As of December 31, 2010, the Confederation therefore had receivables relating to several fiscal years (2010 and earlier). These assets correspond to a large extent to the budgeted receipts of 14.6 billion (excluding cantons' share of 17%) for the 2011 calendar year. In subsequent years, therefore, further receipts are still expected from earlier tax years. The 1.3 billion rise in contingent assets is attributable to the adjustment to projected revenue for previous tax periods. In particular, the projected revenue from legal entities relating to the 2009 fiscal period, for which estimates were made at a low point in the recent financial crisis, were significantly revised upward.

Other contingent assets relate primarily to the conversion of the loan of 63 million granted to the Building Foundation for International Organisations (FIPOI) for the construction of the International Conference Centre Geneva (CICG) into a subsidy in accordance with parliament's resolution of May 28, 1980. In the event of a liquidation of FIPOI, this amount would revert to the Confederation.

6 Related parties

CHF mn	Contrib. Confed./ share in revenue 2009	2010	Acquisition of goods and services/ interest expense 2009	2010	Sale of goods and services/ interest income 2009	2010	Receivables and loans 2009	2010	Liabilities 2009	2010
Related parties	**15 771**	**16 059**	**847**	**795**	**74**	**73**	**21 784**	**24 313**	**72**	**115**
Swisscom	–	–	123	94	15	11	10	13	11	4
SBB	1 915	1 893	22	23	–	–	13 171	14 050	–	–
Swiss Post	180	191	70	62	58	61	196	147	6	–
Ruag	–	–	624	608	1	1	1	–	54	111
BLS Netz AG	164	228	8	8	–	–	2 806	2 703	1	–
AHV compensation fund (AHV, IV)	13 127	13 334	–	–	–	–	–	–	–	–
Unemployment insurance fund	385	413	–	–	–	–	5 600	7 400	–	–

Related (legal) parties and organizations comprise significant interests (cf. section 42/16), the AHV compensation fund, and the AIV fund (unemployment insurance fund).

With the exception of subsidy contributions provided by the Confederation, third parties' share in federal income and the non-interest-bearing loan to the SBB and BLS Netz AG, all transactions between the Confederation and related parties are undertaken at arm's length.

The Confederation undertook the following transactions with related organizations:

- Contributions to the SBB mainly comprise expenditure within the scope of the 2007–2010 service level agreement concluded with the SBB.
- Receivables from the SBB consist almost entirely of non-interest-bearing loans. These include loans from the fund for major railway projects (FinPT fund) to AlpTransit Gotthard AG amounting to 4.7 billion (2009: 4.1 bn). AlpTransit Gotthard AG is a subsidiary of the SBB (100 %) and is recognized in the consolidated financial statements of the SBB at equity value, which is why these loans do not appear in the consolidated financial statements of SBB.
- Receivables from Swiss Post contain credit balances on Swiss Post accounts.
- Receivables from BLS Netz AG contain loans that were originally granted to BLS Alp Transit AG. When the company was renamed, these loans were signed over to BLS Netz AG. The balance comprises loans from the FinPT (2.3 bn) as well as loans from the Confederation (0.4 bn).
- The interest-bearing loan to the unemployment insurance fund was increased by 1.8 billion in the year under review.

Compensation to key persons

Members of the Federal Council are deemed to be related natural persons, or "key persons". The remuneration and compensation of the members of the Federal Council are regulated in the Federal Act Governing Remuneration and Retirement Benefits Due to Members of the Federal Council, Judges of the Federal Supreme Court, and the Federal Chancellor and Vice-Chancellor (SR *172.121*) and the Federal Assembly Ordinance Governing Remuneration and Retirement Benefits Due to Members of the Federal Council, Judges of the Federal Supreme Court, and the Federal Chancellor and Vice-Chancellor (SR *172.121.1*). This information is publicly available.

Restructuring of the SBB pension fund

In its spring session, the parliament approved the federal contribution to the restructuring of the SBB pension fund (amendment to Swiss Federal Railways Act; SR *742.31*). The referendum deadline is June 2011. As long as the condition described in the following paragraph is fulfilled, the Confederation will make a restructuring contribution amounting to 1,148 million (one-time recapitalization payment to the SBB).

Based on Article 16 paragraph 4 clause 1 of the Swiss Federal Railways Act, the Confederation has fully met its obligations with respect to the funding of the SBB pension fund as it became independent. Nonetheless, on May 16, 2008, the SBB and the SBB pension fund presented funding demands amounting to 3.2 billion and 2.7 billion respectively to the Confederation. The federal assistance now approved by parliament will be released only if the SBB and the SBB pension fund definitively withdraw these claims vis-à-vis the Confederation in its capacity as carrier and benefit guarantor of the former SBB pension and aid fund, and if the SBB pension fund also withdraws such a claim vis-à-vis the SBB.

7 Translation rates

	Closing rates at	
Unit	31.12.2009	31.12.2010
1 euro (EUR)	1,4966	1,2486
1 US dollar (USD)	1,0446	0,9328
1 pound sterling (GBP)	1,6739	1,4597
1 Norwegian krone (NOK)	0,1789	0,1600

8 Events after the reporting date

Events requiring disclosure after the reporting date are significant events that require sums to be adjusted in the financial statements or positions requiring recognition that had not previously been recognized. The 2010 consolidated financial statements were approved by the Federal Council on April 20, 2011. The following event requiring disclosure occurred between the reporting date and the date of approval by the Federal Council:

In March 2011, parliament approved a framework credit amounting to CHF 12.5 billion containing a federal guarantee for the *loan of the Swiss National Bank (SNB)* to the *International Monetary Fund (IMF)*. This involves the SNB providing the IMF with a credit line for a maximum period of two years in order for the IMF to increase its funding to a maximum of USD 10 billion within the scope of international monetary aid. In the event that the IMF were to make use of this credit line, the SNB loan would be covered by a federal guarantee. This will be reported under contingent liabilities from the 2011 financial statements onward.

Given the selected group of consolidated entities, the parent entity inevitably dominates the figures of the consolidated financial statements. The following section provides a quantitative comparison of transfer expenses and debt as well as the scope of consolidation in tabular form.

51 Transfer expenses

2010 CHF mn	Confederation as parent	Federal consol. fin. statements	Difference
Transfer expenses	**44 024**	**41 764**	**-2 260**
Third parties' share in federal income	7 705	8 132	427
Compensation to public bodies	807	807	–
Contributions to own institutions	2 850	1 286	-1 564
Contributions to third parties	13 608	14 001	393
Contributions to social insurance	14 493	14 494	1
Value adjustments on investment contributions	4 302	3 044	-1 258
Value adjustments on loans and financial interests	259		-259

In transfer expenses, the parent entity and consolidated financial statements differ with respect to contributions to own institutions and third parties, as well as with respect to value adjustments.

Third parties' share in federal income: under phase 3 of the economic stabilization measures, parliament resolved to redistribute the CO_2 tax on fuel generated in 2008–2010 during the year under review. The sum of 427 million was recognized as an extraordinary expense by the Confederation as parent entity.

Contributions to own institutions: the lower expenses in the consolidated financial statements resulted from two opposing transactions:

- As intercompany relationships, the contributions of the Confederation as parent entity to the ETH Domain (-2,268 mn financing contribution and accommodation contribution), the Swiss Federal Institute for Vocational Education and Training (-32 mn financing contribution and accommodation contribution), the Swiss National Museum (-47 mn financing contribution and accommodation contribution) and the Swiss Financial Market Supervisory Authority (-3 mn) are eliminated.

- The contributions of +786 million paid to the SBB and AlpTransit Gotthard from the fund for major railway projects (FinPT fund) are additionally recognized in the consolidated financial statements (total withdrawal from the fund: 1,557 mn, including contributions to third parties (39 mn) and value adjustments (732 mn); cf. Volume 4 of the federal financial statements, FinPT fund separate account).

Aside from the parent entity, *contributions to third parties* were paid by the infrastructure fund for urgent urban transportation projects, for main roads in mountainous areas, and to compensate for insufficient cantonal funds from the increase in mileage-related heavy vehicle charges (total 403 mn). Contributions to third parties are also paid by the FinPT fund (39 mn), the ETH Domain (76 mn) and the Swiss Alcohol Board (2 mn, alcohol prevention). Intercompany relationships of -127 million were additionally recognized.

Value adjustments on investment contributions: the difference of -1,258 million is made up of four transactions that encompass both intercompany eliminations and additional transactions that need to be recognized.

- The share of -1,604 million in federal income forwarded to the FinPT fund was eliminated.

- The share in infrastructure projects in urban areas forwarded to the infrastructure fund and the lump-sum contributions to main roads in mountainous areas and outlying regions amounting to -421 million (investment contributions) were likewise eliminated.

- Additional recognitions include the value adjustments of the FinPT fund amounting to 732 million and

- The infrastructure fund value adjustments amounting to 34 million (urban transportation).

Value adjustments on loans and financial interests: in the consolidated financial statements, the corresponding value adjustments for loans and financial interests are reported in financial expense (cf. section 42/8) under value adjustments on financial investments.

52 Debt

2010 CHF mn	Confederation as parent	Federal consol. fin. statements	Difference
Gross debt	**110 561**	**108 279**	**-2 282**
Current liabilities	14 024	13 536	-488
Short-term financial liabilities	13 064	13 092	28
Long-term financial liabilities	83 473	81 651	-1 822
Net debt	**82 097**	**86 125**	**4 028**
Gross debt	110 561	108 279	
Deductions	*28 464*	*22 154*	*-6 310*
Cash and cash equivalents	6 015	6 251	236
Receivables	6 459	7 342	883
Short-term financial investments	414	514	100
Long-term financial investments	15 576	75	-15 501
Loans held to maturity		7 972	7 972

Compared with the parent entity, the reported gross debt at consolidated level was 2.3 billion lower. The following factors explain this discrepancy:

- *Current liabilities; -488 million:* in total, 1,401 million of the liabilities of the parent entity are eliminated in the consolidated financial statements. These include deposit account liabilities toward the ETH Domain (1,004 mn), the Swiss Federal Institute of Intellectual Property (65 mn) and the Federal Audit Oversight Authority (6 mn), as well as a current account liability toward the Swiss Alcohol Board (326 mn). This effect is lessened by the liabilities of the ETH Domain toward third parties (886 mn). The residual difference of -27 million is spread between the other consolidated entities.

- *Long-term financial liabilities; -1,822 million:* in its individual statements, the parent entity reports fixed-term deposit liabilities amounting to 1,790 million toward Swiss Export Risk Insurance (SERV), which are neutralized in the consolidated financial statements as an intercompany relationship. Similarly neutralized are the liabilities of the parent entity toward the ETH Domain (95 mn) in connection with third-party funds acquired by the ETH Domain for the partial financing of the properties owned by the Confederation. Conversely, the ETH Domain, Swissmedic and the Swiss National Museum report their own financial liabilities (51 mn, 10 mn and 2 mn respectively).

In contrast to the lower gross debt, the *net debt* in the consolidated financial statements is 4.0 billion higher. This deviation is the result of contrasting effects. In addition to the receivables of the parent entity, the *receivables* in the consolidated financial statements additionally contain those of SERV (772 mn), the ETH Domain (42 mn), the Swiss Alcohol Board (30 mn) and Swissmedic (16 mn). The residual difference of 23 million is spread between the other consolidated entities. Conversely, the parent entity's treasury loan to the FinPT fund for major railway projects (7,606 mn) is eliminated in the consolidated view, which is why the loans held to maturity (consolidated financial statements) are accordingly lower than long-term financial investments (parent entity). In the consolidated financial statements, the loans of financial assets (7,972 mn) are reported as *loans held to maturity* rather than as *long-term financial assets* as is the case with the parent entity. This shift within the deducted positions has no impact on net debt.

53 Overview of consolidated entities

Consolidated entities and consolidation methods by financial statement type

Entities	FCFS	FFS
Central Federal Administration		
Institutions and administrative units presented in the federal financial statements	100%	100%
Decentralized Federal Administration		
Administrative units and funds of the Confederation that present separate accounts within the scope of the state financial statements	100%	–
Administrative units of the decentralized Federal Administration with their own accounts		
Swiss Financial Market Supervisory Authority (FINMA)	100%	–
Swiss Federal Institute for Vocational Education and Training (SFIVET)	100%	–
Swiss Federal Nuclear Safety Inspectorate (ENSI)	100%	–
Swiss Federal Institute of Intellectual Property (IIP)	100%	–
Federal Audit Oversight Authority (FAOA)	100%	–
PUBLICA	–	–
Swiss Export Risk Insurance (SERV)	100%	–
Swiss National Museum (SNM)	100%	–
Swissmedic	100%	AV
Significant interests of the Confederation		
BLS Netz AG, Swiss Post, SBB, RUAG, Skyguide, SAPOMP Wohnbau AG	Equity	Equity
Swisscom	Equity	Equity
Other organizations		
Swiss National Science Foundation	–	–
Switzerland Tourism	–	–
PRO HELVETIA Arts Council of Switzerland	–	–

Financial statements:
FCFS = Federal consolidated financial statements
FFS = Federal financial statements (State financial statements, Volume 1)
Fstats = Financial statistics (subsector Confederation)

Recognition method:
100% = Full consolidation
AV = Acquisition value
SMV = Stock market value

Scale of consolidated entities - details

2010	Surplus or deficit		Liabilities		Net assets/equity		Employees	
Entities	CHF mn	%	CHF mn	%	CHF mn	%	FTE	%
Central Federal Administration (Confederation as parent)	**4 139**	**83,0**	**133 724**	**93,7**	**-29 502**	**99,9**	**33 312**	**67,2**
Decentralized Federal Administration	**845**	**17,0**	**9 054**	**6,3**	**- 15**	**0,1**	**16 279**	**32,8**
Separate accounts								
Swiss Federal Institutes of Technology Domain	74	1,5	1 174	0,8	1 063	-3,6	14 730	29,7
Swiss Alcohol Board	272	5,5	18	0,0	382	-1,3	156	0,3
Fund for major railway projects	- 155	-3,1	7 606	5,3	-7 543	25,6	–	0,0
Infrastructure fund	512	10,3	6	0,0	3 439	-11,7	–	0,0
Decentralized administrative units with their own accounts								
Swiss Financial Market Supervisory Authority (FINMA)	8	0,2	23	0,0	15	-0,1	379	0,8
Swiss Federal Institute for Vocational Education and Training (SFIVET)	- 1	0,0	4	0,0	3	0,0	158	0,3
Swiss Federal Nuclear Safety Inspectorate (ENSI)	3	0,1	17	0,0	10	0,0	130	0,3
Swiss Federal Institute of Intellectual Property (IIP)	- 1	0,0	20	0,0	90	-0,3	210	0,4
Federal Audit Oversight Authority (FAOA)	1	0,0	4	0,0	3	0,0	21	0,0
Swiss Export Risk Insurance (SERV)	124	2,5	161	0,1	2 454	-8,3	32	0,1
Swiss National Museum (SNM)	3	0,1	7	0,0	6	0,0	138	0,3
Swissmedic	5	0,1	14	0,0	63	-0,2	325	0,7
Subtotal	4 984	100,0	142 778	100,0	-29 517	100,0	49 591	100,0
Consolidation adjustments	- 771		-12 536		-3 110		–	
Federal consolidated financial statements	**4 213**		**130 242**		**-32 627**		**49 591**	