ETH BOARD

FINANCIAL REPORT OF THE ETH BOARD ON THE ETH DOMAIN 2022

Rounding differences: The figures presented in this document may not correspond precisely to the total amounts presented in the tables. Changes are calculated on unrounded amounts and may differ from a figure that is based on the rounded amounts presented in the tables.

Financial Report of the ETH Board on the ETH Domain 2022

Report on the financial year of the ETH Domain 4

Consolidated statement of financial performance 12

Consolidated statement of financial performance 12
Consolidated balance sheet 13
Consolidated statement of changes in equity 14
Consolidated cash flow statement 16
Notes to the consolidated financial statements 17

1 Business activity 17
2 Basis of accounting 17
3 Accounting policies 19
4 Estimation uncertainty and management judgements 29
5 Comparison with the budget 32
6 Segment reporting 34
7 Total federal contribution 42
8 Tuition fees, continuing education 43
9 Research contributions, mandates and scientific services 43
10 Donations and bequests 45
11 Other revenue 46
12 Personnel expenses 47
13 Other operating expenses 48
14 Transfer expenses 49
15 Net finance income/expense 49
16 Cash and cash equivalents 50
17 Receivables 50
18 Inventories 51
19 Prepaid expenses and accrued income 51
20 Investments in associated entities and joint ventures 52
21 Property, plant and equipment and intangible assets 54
22 Financial assets and loans 56
23 Co-financing 57
24 Current liabilities 57
25 Financial liabilities 58
26 Accrued expenses and deferred income 59
27 Provisions 60
28 Defined benefit plans 62
29 Dedicated third-party funds 67
30 Financial risk management and additional information about financial instruments 68
31 Contingent liabilities and contingent assets 74
32 Financial commitments 75
33 Operating lease 75
34 Remuneration of key management personnel 76
35 Relationships with controlled and associated entities 77
36 Events after the reporting date 79

Auditor’s report 80

Publication data 84

Report on the 2022 financial year of the ETH Domain

Principles of and remarks to the consolidated financial statements

Basis of accounting

The consolidated financial statements of the ETH Domain comprise the statement of financial performance, balance sheet, cash flow statement, statement of changes in equity and the Notes. They have been prepared and audited in accordance with the International Public Sector Accounting Standards (IPSAS).

They are based on the concept of consumption of resources: The revenue and expenses are accrued to the period to which they belong. In addition to the financial performance, the financial statements also show the financial position and the net assets.

The Federal Assembly decides on behalf of the ETH Domain on both the expenditure and the investment credit with a financing effect. The latter is not recognised in the consolidated financial statements, as explained below.

Ownership arrangements of the ETH Domain's real estate

The consolidated financial statements reflect the actual legal ownership of the ETH Domain's real estate: Most of the real estate used by the ETH Domain is owned by the Federal Government and is therefore not included in the ETH Domain's financial statements.

The Federal Government has transferred the management of the state-owned real estate used to the ETH Domain. Investments triggered and monitored by the ETH Domain in the state-owned real estate concerned are explained in the Annual Report from page 79 onwards. The investment credit for the state-owned real estate and the federal financial contribution (expenditure credit) are shown under total federal contribution from the expenditure ceiling (see Annual Report, p. 110 et seq.). This therefore comprehensively reflects the political control of the ETH Domain exercised by the Federal Government.

In contrast, in the consolidated financial statements of the ETH Domain, the total federal contribution (see Note 7) is made up of the federal financial contribution and the federal contribution to accommodation. For the use of this real estate owned by the Federal Government, a rent in the same amount is recognised under other operating expenses so that these two items cancel each other out in the surplus or deficit.

Investments in immovable assets owned by the ETH Domain, most of which are leasehold improvements, were financed from the federal financial contribution and form part of the consolidated financial statements.

Comparability with previous years

The financial statements do not contain any fundamental changes that would have a material impact and are therefore comparable with previous years. They were significantly influenced by a one-off effect: The contracts with Credit Suisse Funds AG for the planned acquisition (early reversion) of the leased SwissTech Convention Center (STCC) by EPFL were signed. The resulting revaluation of the finance lease led (a) to a book gain of CHF 53m and (b) to a balance sheet extension of CHF 117m. The gain comprises a reversed impairment in the amount of CHF 30m and revenue of CHF 23m from the derecognition of the leasing liability. The accounting for the finance lease based on the new agreements led to an increase in non-current assets and financial liabilities. With respect to the early reversion of the STCC, the Federal Parliament approved a contingent credit in the amount of CHF 146m on 5 December 2022. The acquisition of the STCC will be financed from the reserves. According to the management's assessment, based on the principle of annuality of the federal contribution (total federal contribution), the reserves will only be reduced by CHF 146m upon the completion of the acquisition (2024, 2025 or 2026) and not already in 2022 when the contract was concluded.

Key developments in 2022 at a glance

The ETH Domain uses the funds received prudently, and with great cost awareness.

In the reporting period, research activities continued at the same level as seen prior to the pandemic. Significant investments were made once again. The challenges posed by the current economic environment are reflected in higher costs and weighed on the result. In keeping with the Federal Council's strategic objectives for the ETH Domain, the 2022 consolidated financial statements reveal the following significant developments:

- Revenue from third-party funding declined primarily due to financial and investment losses owing to the negative performance of the financial markets.
- Personnel and other operating expenses increased.
- Depreciation – excluding the reversal of impairment for the STCC (see previous section) – remained at a high level due to the investments made in previous years.

The reversal of impairment for the STCC in the amount of CHF 30m is included in the operating income of CHF 30m. The higher revenue from donations relative to the previous year made a positive contribution to operating income, reducing the annual loss of –CHF 21m (2021: CHF 110m).

Net defined benefit liabilities

The net defined benefit liabilities of the ETH Domain show the obligations from the pension plans of the ETH Domain, which provide benefits upon retirement, death and disability. The majority of insured persons and pensioners from the ETH Domain are insured with PUBLICA in the ETH Domain pension scheme.

In contrast to static accounting under Swiss pension law, the annual calculation of net defined benefit liabilities under IPSAS 39 is based, among other things, on actuarial assumptions that take account of future developments. The change in assumptions primarily leads to annual fluctuations in equity. The impact of the revised assumptions on personnel expenses as well as on the surplus or deficit is not so pronounced. The annual return on plan assets at PUBLICA is for the most part also not recognised in surplus or deficit in the consolidated financial statements of the ETH Domain, but rather directly in equity. Therefore, some developments in the 2022 annual financial statements can only be understood if these effects are taken into consideration:

1. The increase in the discount rate (effect: +CHF 1,451m), compensated for by higher interest on retirement savings and a higher expected salary development relative to the previous year (effect: –CHF 428m), gave rise to a new revaluation gain in **equity** and a decrease in the **defined benefit obligations**.
2. The **plan assets** primarily declined due to the negative return on investments, whereby CHF 775m of this decrease was recognised directly in equity.
3. Overall, the changes in assumptions led to a revaluation gain recognised in **equity** of CHF 304m (amount of positive valuation reserves as at 31 December 2022: CHF 721m). The net defined benefit liabilities themselves fell by CHF 294m.
4. The **net pension costs** (change from CHF 221m to CHF 255m) as per IPSAS 39 are based on the assumptions from the previous year.

Consolidated statement of financial performance

CHF millions	2022	2021	2020	2019
Operating revenue	**3,780**	**3,697**	**3,680**	**3,676**
Changes to previous year	2%	0%	0%	–1%
Operating expenses	**3,750**	**3,641**	**3,682**	**3,637**
Changes to previous year	3%	–1%	1%	0%
NET FINANCE INCOME/EXPENSE	**–27**	**26**	**11**	**28**
SURPLUS (+) OR DEFICIT (–)	**–21**	**110**	**41**	**140**
Third-party funds relative to total revenue	29%	31%	30%	31%
Personnel expenses relative to total revenue	67%	65%	67%	63%

Operating revenue and total revenue

The ETH Domain is expanding its financing base gradually. It raises third-party funding in line with its strategic objectives.

Operating revenue increased by CHF 83m relative to the previous year to CHF 3,780m. **Total revenue**, which also includes net finance income and income from investments, declined to CHF 3,729m (previous year: CHF 3,751m) due to the tense situation on the financial markets.

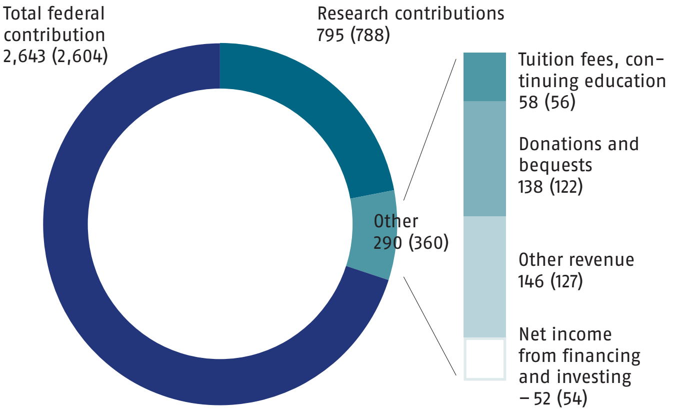
Federal financing, the total **federal contribution** (see Note 7), is the main component of the operating revenue. It consisted of the federal financial contribution of CHF 2,441m (2021: CHF 2,373m) and the federal contribution to accommodation of CHF 202m (2021: CHF 230m). Compared to the previous year, the increase amounted to CHF 39m.

Revenue from third-party funding (see Notes 8, 9, 10, 11, 15 and 20) declined by CHF 62m or 5% to CHF 1,086m (previous year: CHF 1,148m). The reasons lie, in particular, in the negative income from financing activities and investments. In contrast, donations and other revenue increased. Project revenue was slightly above the prior-year level. The share of third-party funds relative to total revenue stood at 29%.

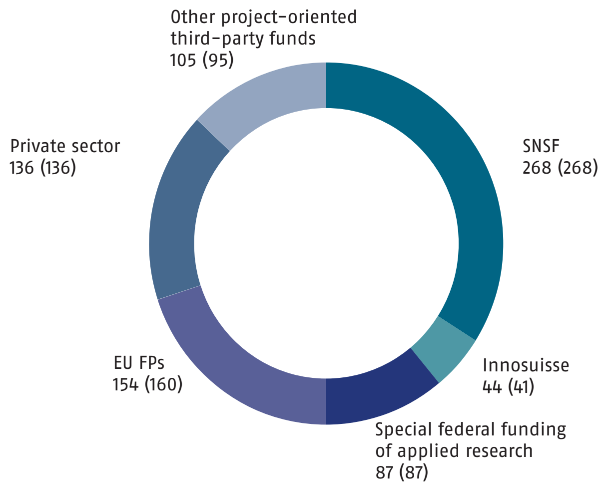
Revenue from research contributions, mandates and scientific services exceeded the prior-year level at CHF 795m (2021: CHF 788m). With a share of 21%, which is in line with the level seen in previous years, it is the second most important component of the operating revenue. These are mainly multi-year research projects. Revenue is recognised on the basis of the work completed. It is determined on the basis of the actual project costs incurred (cost-of-completion method) and can, therefore, vary widely.

In the reporting period, the level of project progress with respect to the **EU Framework Programmes for Research and Innovation** (EU FPs) was slightly lower than in the previous year, while

Total revenue in 2022 in CHF m
CHF 3,729m (previous year: CHF 3,751m)



Research contributions in 2022 in CHF m
CHF 795m (previous year: CHF 788m)



revenue declined by CHF 6m relative to the previous year despite the transitional measures of the Federal Government.
The funding of research projects of the **Swiss National Science Foundation** (SNSF) is at a high level of implementation and, in terms of revenue, was in line with the prior-year figure. A total of 13 of the 22 National Centres of Competence in Research (NCCR) that ran in or until 2022 were under the direction (leading house) or co-direction (co-leading house) of an institution belonging to the ETH Domain.

The same revenue as generated in the previous year was posted for **special federal funding of applied research**. At EPFL, the PSI and Empa, project progress exceeded that of the previous year. WSL generated a large share of its research revenue with research mandates from federal agencies.

Revenue from **cooperation with the private sector** remained stable overall relative to the previous year. At ETH Zurich, revenue increased due to project progress. A decline is evident at the PSI due to a general worsening of the economic situation and the conclusion of projects.

In the case of **other project-oriented third-party funding** (+CHF 10m), revenue increased at all institutions. The increase at WSL can primarily be attributed to the Climate Change, Extremes and Natural Hazards in Alpine Regions Research Centre (CERC) in Davos.

Revenue with **Innosuisse** increased relative to the previous year due to project progress (ETH Zurich +CHF 2m and Empa +CHF 1m).

Third-party funding also includes the following components: Revenue from **donations and bequests** totalled CHF 138m (2021: CHF 122m). The growth in the number of students was reflected in the higher revenue from **tuition fees, continuing education** (2022: CHF 58m: 2021: CHF 56m). Among other factors, increasing licence sales and a renewed rise in patient revenue from proton therapy at the PSI contributed to the increase in **other revenue** (2022: CHF 146m; 2021: CHF 127m). The negative performance of the financial markets left its mark on the net finance expense (2022: –CHF 27m; 2021: CHF 26m) and the share of surplus of the associated entities (2022: –CHF 25m; 2021: CHF 28m).

Transitional measures
On 17 August 2022, the Federal Council approved the revised Ordinance on Measures for Swiss Participation in the European Union Programmes in the field of Research and Innovation. This covers Switzerland's participation as an associated country in EU programmes and governs the legal basis for the direct funding of Swiss partners in Horizon Europe projects. In 2022, the ETH Domain realised project revenue in the amount of CHF 18m (SNSF: CHF 1m, EU FPs: CHF 17m) from transitional measures. The volume of performance obligations for projects from transitional measures stood at CHF 202m (SNSF: CHF 47m, Innosuisse CHF 3, EU FPs CHF 152m) at the end of 2022.

Obtained grants

The analysis of the balance sheet (from p. 9) and the graphic (p. 8) show that there was an increase in receivables and dedicated third-party funds in 2022. It can be derived from this that the revenue from research contributions can at least be maintained at the current level. The SNSF, EU FP and Innosuisse grants obtained represent the volume of research projects competitively acquired by the institutions in the reporting period (separate key figure).

In 2022, the ETH Domain raised a total of CHF 492m in competitive funding*, of which CHF 201m originated from the transitional measures of the Federal Government (total in 2021: CHF 388m, 2020: CHF 468m and 2019: CHF 443m). The SNSF allocated CHF 298m, some CHF 77m more than in 2021. Transitional measures account for CHF 49m of this amount. The projects funded by Innosuisse declined by CHF 4m; of the total of CHF 42m, CHF 6m is financed from transitional measures. The grants for EU FP projects increased by CHF 32m and stood at CHF 152m, with transitional measures accounting for CHF 146m of this figure.

* It should be noted that double counting is possible for these values due to the structure of the leading house contracts contained therein.

The commitment shown by the ETH Domain in teaching and research costs money. It leads to excellence and takes Switzerland and science a step further.

Operating expenses

Operating expenses increased by CHF 109m to CHF 3,750m in the reporting period. The increase can primarily be attributed to personnel and other operating expenses.

Personnel **expenses** is the largest item of expense (2022: 67%; 2021: 67%). Compared to the previous year, personnel expenses increased by a total of CHF 77m to CHF 2,503m, both due to the increase in salaries and wages (+CHF 34m) and net pension costs (+CHF 34m).

The increase in salaries and wages resulted from both an increase in the number of full-time equivalents and the inflation adjustment of 0.5% decided upon by the ETH Board for 2022 in line with the Federal Government. The average headcount in the whole ETH Domain in 2022 was 20,117 full-time equivalents (FTEs: +1% compared to the previous year), excluding apprentices.* The increase in net pension costs is explained by the development of salaries and wages, the closing funding gap and the increase in the past service cost relative to the previous year (see also explanations above in the section on net defined benefit liabilities).

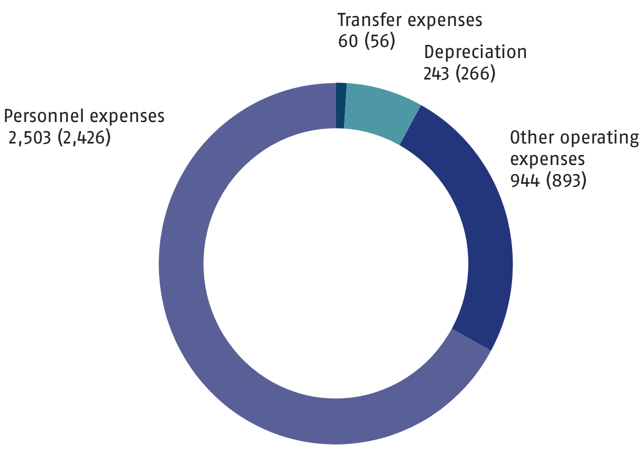
At CHF 944m, **other operating expenses** were higher than in the previous year (2021: CHF 893m). The increase is due to the renewed rise in business activities, price increases and the absence of one-off effects that influenced the previous year's result. Since 2018, a portion of the revenue from the transfer of use of real estate owned by the Federal Government has been passed on (2022: CHF 1m; 2021: CHF 1m). From 2022, 90% of the revenue from energy sales will also be handed over to the Federal Government (2022: CHF 3m). Both charges are recognised as other operating expenses.

At CHF 243m, **depreciation** was lower than in the previous year (2021: CHF 266m). The reason for this was the booking of a reversed impairment due to the planned early reversion of the SwissTech Convention Center to the Federal Government. Without this one-off effect, the volume of depreciation continues to be determined by the extensive investments in strategically relevant large-scale research facilities and technical equipment.

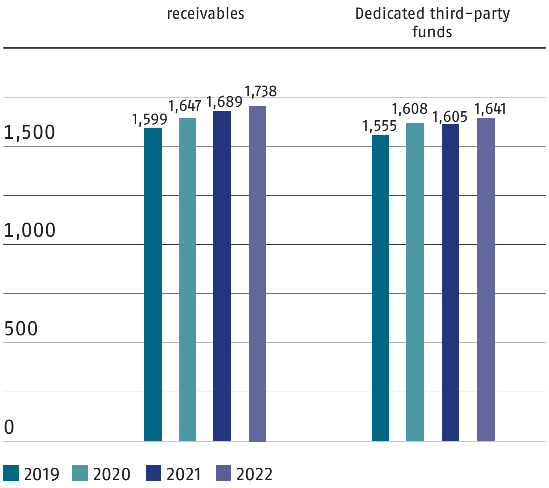
Transfer expenses increased due to higher contributions to scholarships and grants to research projects (2022: CHF 60m; 2021: CHF 56m).

* The Annual Report does not show the annual average value but rather the year-end figure. This is 20,678.2 FTEs (including apprentices). The figure in the Annual Report also excludes the FTEs of the controlled entities.

Operating expenses in 2022 in CHF m
CHF 3,750m (previous year: CHF 3,641m)



Receivables and dedicated third-party funds



Consolidated balance sheet

CHF millions	31.12.2022	31.12.2021	31.12.2020	31.12.2019
Current assets	**3,048**	**3,143**	**3,181**	**3,099**
Non-current assets	**3,709**	**3,518**	**3,412**	**3,272**
TOTAL ASSETS	**6,757**	**6,661**	**6,592**	**6,371**
Liabilities	**3,427**	**3,616**	**4,106**	**5,370**
Equity	**3,330**	**3,045**	**2,486**	**1,001**
TOTAL LIABILITIES AND EQUITY	**6,757**	**6,661**	**6,592**	**6,371**

The total assets for the ETH Domain were up CHF 96m or 1% on the previous year. The increase resulted, in particular, from the rise in financial assets and property, plant and equipment. The level of cash and cash equivalents decreased.

Receivables and dedicated third-party funds

As in the previous year, receivables from non-exchange transactions and dedicated third-party funds in liabilities each accounted for around one quarter of total assets.

These third-party funds flow from funding organisations, the public sector, industry and donors. This enables the ETH Domain to finance and promote some of its project and research activities. With each payment made to finance the progress of a project, these receivables decrease over the course of the year; newly concluded contracts and obtained grants increase them. Therefore, the balance of receivables reflects the outstanding financing framework for current projects and granted donations. The balance of dedicated third-party funds, however, corresponds to the outstanding performance obligations from current research projects and orders.

The diagram for "Receivables and dedicated third-party funds" in the bottom right of page 8 illustrates how these variables have developed. By the end of 2022, receivables irrespective of maturity amounted to CHF 1,738m (2021: CHF 1,689m). Receivables from the SNSF, receivables from EU FP research projects as well as receivables from donations made up the largest share of them.

The receivables from project transactions still outstanding at the end of 2022 were matched by dedicated third-party funds of CHF 1,641m (2021: CHF 1,605m). The rise of CHF 36m shows that at the end of 2022 there was a higher volume of projects or research available for which services still have to be provided in the coming years.

Property, plant and equipment

The balance sheet value of property, plant and equipment stood at CHF 2,179m at the end of 2022, up CHF 147m. In 2022, CHF 454m was capitalised in property, plant and equipment (additions to fixed assets schedule), of which CHF 146m can be attributed to bookings in connection with the early reversion of the SwissTech Convention Center. The property, plant and equipment were paid for from the ETH Domain's own resources, i.e. from the total federal contribution and from third-party funding. The property, plant and equipment account for almost one-third of the total assets.

Investments held in associated entities

The decrease of CHF 25m primarily reflects the aggregated, proportionate surplus/deficit of the associated entities in the reporting period. It is particularly marked by the negative result at the ETH Zurich Foundation.

Financial assets and loans

Financial assets and loans with a balance of CHF 1,611m (2021: CHF 552m) include third-party funds received that are not used immediately.

On the basis of the prevailing treasury agreement between the FFA and the ETH Domain, these funds are placed with the Federal Government or on the market. CHF 1,276m of the total financial assets were invested with the Federal Government, and CHF 316m with financial institutions. CHF 8m net was paid into the long-term deposit accounts with the Federal Government in the reporting period. In order to optimise interest income, the amount of assets placed with the Federal Government increased. Third-party funds placed on the market declined as asset management mandates were directly impacted by the negative developments on the financial markets.

Provisions

Provisions totalling CHF 703m (2021: CHF 709m) include provisions set aside for the dismantling of the accelerator facilities and the disposal of radioactive waste at the PSI amounting to CHF 536m (2021: CHF 540m).

Equity

The ETH Domain's sustainable financing strengthens Switzerland as a centre of research.

Equity increased again in the reporting year due to the increase in the revaluation reserve from net defined benefit liabilities (+CHF 304m, see explanations on page 5 in the section Net defined benefit liabilities). Together with the annual loss of CHF 21m, equity amounted to CHF 3,330m, CHF 284m more than in the previous year.

The funds in the category "donations, grants, co-financing" are chiefly earmarked for external purposes, meaning they are used in accordance with the specifications of the funding providers. They declined by CHF 5m to CHF 948m in the reporting year. Although more new donation contracts were concluded than funds were used, the negative result from asset management mandates for third-party funds led to a decline.

Other equity increased by CHF 18m and comprises the accumulated surplus/deficit as well as the reserves without dedication and the reserves with internal dedication. The accumulated surplus rose by CHF 77m to CHF 113m. Of this figure, CHF 8m came from the restatement of financial instruments (new IPSAS). The remaining increase is primarily due to the one-off effect in the amount of CHF 53m in connection with the planned acquisition of the STCC as described on page 4.

The reduction in the reserves without dedication (–CHF 14m to CHF 561m) is related to the promotion of strategic initiatives and projects by management bodies and the additional needs for ongoing operations, including the need to cover the higher costs brought about by price increases. As was the case in the previous year, a significant share of the total federal contribution was invested in movable and immovable property, plant and equipment. As a result, there were fewer funds available for operating activities, which contributed to the decline in this reserve category.

Reserves with internal dedication declined by CHF 45m to CHF 741m on a net basis. They were reduced in the reporting year, especially at Empa, WSL and ETH Zurich. At Empa (Empa-Eawag research campus) and WSL (completion of the building in Davos), the saved reserve funds were spent on infrastructure projects. At ETH Zurich, the funds were used for, among other things, project progress as part of ETH+/Open ETH, the ETH-PSI Center for Quantum Computing and for appointment commitments for new professors. In contrast, an increase was recorded due to approved financial commitments, including for the promotion of professors in several faculties at EPFL. An increase in this reserve category was also seen at the PSI due to the funds already received for orders made for the SLS 2.0 upgrade.

The reserves in the ETH Domain are actively managed. Their targeted appropriation for setting strategic focal points in teaching and research and realising large-scale research infrastructure is integrated into the institutions' budgeting and planning processes. The reserves were also increasingly used to finance uncovered operating costs. This will intensify further over the coming year due to the increase in operating expenses caused by inflation. Despite these challenges, the ETH Domain and its institutions ensure the strategy-compliant and sustainable use of the reserves and all financial resources.

Consolidated cash flow statement

In 2022, **the total cash flow from operating activities** was CHF 252m (2021: CHF 198m). It was composed of the deficit of –CHF 21m adjusted for non-cash expenses and revenues in the statement of financial performance (depreciation, etc.), as well as the relevant changes from the balance sheet.

Total **investments** in 2022 amounted to CHF 1,533m (2021: CHF 348m). The strong increase compared to the previous year is related to investments in current financial assets of CHF 1,103m (reallocation from short-term deposits). A further CHF 272m (2021: CHF 289m) of investments flowed into movable and immovable property, plant and equipment. For the total cash flows from investing activities (investments/divestments), see table 4 on page 16.

Particular mention should be made of the following from the 2022 investment programme:

– ETH Zurich: ETH Zurich made significant investments in movable property, plant and equipment for technical-scientific equipment (e.g. the JEM-F200 microscope and the Orbitrap Exploris 480 spectrometer, totalling CHF 2m). It invested CHF 11m (CHF 1m of which was financed with third-party funds) in information and communication technology at the CSCS for the new high-performance computer. A high-performance computer was also purchased for the CHF 2m expansion of the Euler Cluster (Euler VIII). CHF 11m was invested in leasehold improvements for the renovation and expansion of the HIF building (civil engineering). Other noteworthy leasehold improvements included the expansion of the upper floors of the Andreasturm building in Zurich-Oerlikon (centre for AI research, CHF 6m), investments at the new BSS site in Basel (systems biology and synthetic biology, CHF 3m) as well as for the renovation/expansion of the ML/FHK Machine Laboratory (CHF 3m) and for the new Gloristrasse building (health sciences and medical technology, CHF 2m).
– EPFL: The largest acquisitions in the area of movable property, plant and equipment included a Titan Krios microscope for CHF 4m (financed with third-party funds). A high-resolution Raith lithography machine was also purchased for the Center of MicroNano Technology (CMi) for CHF 1m. In the area of IT hardware, EPFL invested CHF 10m (CHF 6m of which was financed with third-party funds) in three additional server systems for Scientific Computing and Application Support, the Directorate of Information Systems – Administration and for General IT Services. In terms of immovable assets, further investments were made in leasehold improvements in various buildings (two projects, CHF 4m).
– PSI: The PSI invested the majority of the acquisitions in technical equipment such as the user-specific expansion of the large-scale research facilities SLS (SLS 2.0 project, CHF 18m) and SwissFEL (ATHOS beamline, CHF 2m).
– WSL: Acquisition of IT hardware, analytical equipment and furniture for CHF 1m as well as leasehold improvements in the replacement new building D in Davos in the amount of CHF 1m.
– Empa: The investments for the finalisation of the NEST HiLo research unit (CHF 1m) are worthy of mention. Empa also purchased an REM Zeiss Gemini scanning electron microscope and a multiprobe POLAR low-temperature scanning sample microscope for CHF 1m. With respect to leasehold improvements, Empa invested a further CHF 2m in the Empa-Eawag research campus and the expansion of the north-east building (NO).
– Eawag: Procurement of various pieces of scientific equipment. Eawag also invested CHF 1m in the laboratory conversion.

The **cash flow from financing activities** was used for payments from finance leases of around CHF 9m, in particular.

Cash **and cash equivalents** declined by CHF 1,120m compared to 2021. This change, however, includes a reallocation of funds invested with the Federal Government from short-term deposits to current financial assets in an amount of CHF 1,103m. On a net basis, cash and cash equivalents declined by CHF 17m.

Consolidated financial statements

Consolidated statement of financial performance

Table 1: Statement of financial performance of the ETH Domain (consolidated)

CHF millions	Notes	Budget 2022	Actual 2022	Actual 2021	Change to Actual absolute
Federal financial contribution		2,441	2,441	2,373	68
Federal contribution to accommodation		202	202	230	−29
Total federal contribution	7	**2,643**	**2,643**	**2,604**	**39**
Tuition fees, continuing education	8	**53**	**58**	**56**	**2**
Swiss National Science Foundation (SNSF), regular research funding		274	267	268	−1
Swiss National Science Foundation (SNSF), transitional measures Confederation		n/a	1	n/a	n/a
Swiss Innovation Agency (Innosuisse), regular research funding		53	44	41	3
Swiss Innovation Agency (Innosuisse), transitional measures Confederation		n/a	–	n/a	n/a
Special federal funding of applied research		79	87	87	–
EU Framework Programmes for Research and Innovation (EU FPs), regular research funding		155	137	160	−23
EU Framework Programmes for Research and Innovation (EU FPs), transitional measures Confederation		n/a	17	n/a	n/a
Industry-oriented research (private sector)		141	136	136	–
Other project-oriented third-party funding (incl. cantons, municipalities, international organisations), regular research funding		85	105	95	10
Other project-oriented third-party funding (incl. cantons, municipalities, international organisations), transitional measures Confederation		n/a	–	n/a	n/a
Research contributions, mandates and scientific services	9	**786**	**795**	**788**	**8**
Donations and bequests	10	**95**	**138**	**122**	**16**
Other revenue	11	**121**	**146**	**127**	**19**
Operating revenue*		**3,698**	**3,780**	**3,697**	**83**
Personnel expenses	5, 12, 28	2,466	2,503	2,426	77
Other operating expenses	13	931	944	893	51
Depreciation	21, 23	260	243	266	−23
Transfer expenses	14	99	60	56	4
Operating expenses		**3,755**	**3,750**	**3,641**	**109**
OPERATING RESULT		**−57**	**30**	**56**	**−26**
NET FINANCE INCOME/EXPENSE*	15	**−1**	**−27**	**26**	**−53**
Share of surplus/deficit of associated entities and joint ventures*	20	–	−25	28	−53
SURPLUS (+) OR DEFICIT (−)		**−58**	**−21**	**110**	**−131**
*Total revenue		3,697	3,729	3,751	−22

Consolidated balance sheet

Table 2: Balance sheet of the ETH Domain (consolidated)

CHF millions	Notes	31.12.2022	31.12.2021	Change absolute
CURRENT ASSETS				
Cash and cash equivalents	16	742	1,862	−1,120
Current receivables from non-exchange transactions	17	622	637	−15
Current receivables from exchange transactions	17	72	73	−2
Current financial assets and loans	22	1,540	488	1,051
Inventories	18	12	12	–
Prepaid expenses and accrued income	19	60	70	−10
Total current assets		**3,048**	**3,143**	**−95**
NON-CURRENT ASSETS				
Property, plant and equipment	21	2,179	2,032	147
Intangible assets	21	59	60	−1
Non-current receivables from non-exchange transactions	17	1,045	979	66
Non-current receivables from exchange transactions	17	–	–	–
Investments in associated entities and joint ventures	20	246	271	−24
Non-current financial assets and loans	22	72	64	8
Co-financing	23	109	114	−5
Total non-current assets		**3,709**	**3,518**	**191**
TOTAL ASSETS		**6,757**	**6,661**	**96**
LIABILITIES				
Current liabilities	24	171	168	3
Current financial liabilities	25	17	14	2
Accrued expenses and deferred income	26	194	179	15
Short-term provisions	27	99	105	−6
Short-term liabilities		**480**	**466**	**14**
Dedicated third-party funds	29	1,641	1,605	36
Non-current financial liabilities	25	382	327	55
Net defined benefit liabilities	28	320	615	−294
Long-term provisions	27	603	604	−1
Long-term liabilities		**2,947**	**3,150**	**−204**
Total liabilities		**3,427**	**3,616**	**−189**
EQUITY				
Valuation reserves		721	424	297
Reserves from associated entities	20	246	271	−24
Donations, grants, co-financing		948	953	−5
Other equity		1,415	1,397	18
Total equity		**3,330**	**3,045**	**285**
TOTAL LIABILITIES AND EQUITY		**6,757**	**6,661**	**96**

Consolidated statement of changes in equity

Table 3: Statement of changes in equity for the ETH Domain (consolidated)

CHF millions	Valuation reserves	Reserves from associated entities	Donations, grants, co-financing	Other equity					Total equity
				Teaching and research reserves	Infrastructure and administration reserves	Reserves with internal dedication	Reserves without dedication	Accumulated surplus (+)/deficit (–)	
2021									
Value as of 01.01.2021	**–27**	**242**	**907**	**653**	**113**	**766**	**676**	**–81**	**2,482**
Items directly recognised in equity:									
Revaluation of financial assets	**3**								**3**
Revaluation of defined benefit liability	**449**								**449**
Changes in investments in associated entities		**1**						**–**	**1**
Total items directly recognised in equity	**452**	**1**						**–**	**453**
Surplus (+) or deficit (–)								**110**	**110**
Transfers in current period		**27**	**46**					**–73**	**–**
Transfer of reserves with internal dedication				21	–1	**21**	**–21**		**–**
Appropriation of reserves							**–80**	**80**	**–**
Currency translations								**–**	**–**
Total changes	**452**	**29**	**46**	**21**	**–1**	**21**	**–101**	**117**	**563**
Value as of 31.12.2021	**424**	**271**	**953**	**674**	**112**	**786**	**575**	**36**	**3,045**
2022									
Changes from restatement as of 01.01.*	**–7**	**–**	**–**	–	–	**–**	**–**	**8**	**1**
Value as of 01.01.2022	**417**	**271**	**953**	**674**	**112**	**786**	**575**	**44**	**3,046**
Items directly recognised in equity:									
Revaluation of defined benefit liability	**304**								**304**
Changes in investments in associated entities		**1**						**–**	**1**
Total items directly recognised in equity	**304**	**1**						**–**	**305**
Surplus (+) or deficit (–)								**–21**	**–21**
Transfers in current period		**–26**	**–5**					**31**	**–**
Transfer of reserves with internal dedication				–16	–29	**–45**	**45**		**–**
Appropriation of reserves							**–60**	**60**	**–**
Currency translations								**–**	**–**
Total changes	**304**	**–24**	**–5**	**–16**	**–29**	**–45**	**–14**	**70**	**284**
Value as of 31.12.2022	**721**	**246**	**948**	**658**	**83**	**741**	**561**	**113**	**3,330**

* Details on the restatement as of 1 January 2022 can be found in Annex 2 in the section "Changes to the financial report methods (restatement)".

Equity increased in the reporting period from CHF 3,045m to CHF 3,330m. The increase in equity by CHF 285m can primarily be attributed to the increase in the revaluation reserves from net defined liabilities of CHF 304m. The reporting period closed with a loss of CHF 21m.

The changes from restatement as of 1 January 2022 primarily relate to the initial application of IPSAS41 (see Note 2).

Valuation reserves

The valuation reserves comprise the accumulated actuarial and investment net gains on defined benefit pension plans (CHF 721m). The revaluation gain of CHF 304m recorded during the reporting period can be attributed to the changes in financial (especially the discount rate) assumptions, which were offset by a negative return on investments (for details, see Note 28 Defined Benefit Plans).

The revaluation reserves for financial assets in accordance with IPSAS 29 were transferred to the accumulated surplus/deficit during the switch to IPSAS 41.

Donations, grants, co-financing

Donations, grants, co-financing declined by CHF 5m. Although more new contracts were concluded than funds were used, the negative result from asset management mandates led to a decline.

Reserves with internal dedication

Reserves with internal dedication include financial commitments made by the governing bodies (ETH Board, Executive Boards and directorates) for the promotion of strategic initiatives and projects, also including federal funds received but not yet used for the strategic focus areas and research infrastructures. The decrease in the reporting period totalled CHF 45m. Appointment commitments in the amount of CHF 111m (2021: CHF 129m) of ETH Zurich were included in the total figure for 2022.

New commitments were recorded at EPFL for promoting professors in several faculties, while the volume at the PSI increased due to the funds already received for orders placed for the SLS 2.0 upgrade. On the other hand, reserve funds were appropriated in connection with the construction progress of the Empa research campus and the completion of the WSL "New Building D" in Davos. Reserves were also reduced at ETH Zurich as a result of funds being used for project progress at ETH+/Open ETH, at the ETH-PSI Center for Quantum Computing and for the appointment commitments.

Reserves without dedication

The reserves without dedication were reduced by CHF 14m in the reporting period. The reduction was related to the promotion of strategic initiatives and projects by management bodies as well as to the additional funding required for ongoing operations. As was the case in the previous year, a significant share of the total federal contribution was invested in immovable and movable non-current assets. As a result, there were fewer federal funds available for operating activities, which contributed to the decline in the reserves.

Accumulated surplus/deficit

The accumulated surplus of CHF 113m as of 31 December 2022 is the total residual amount of total equity less the equity items shown separately. It includes the undistributed earnings (surplus) from previous years, the negative restatement from the transition and adjustments to IPSAS, the increase/decrease in donations, grants, co-financing, the reserves from associated entities and the appropriation of reserves during the year.

Consolidated cash flow statement

Table 4: Cash flow statement of the ETH Domain (consolidated)

CHF millions	Notes	2022	2021	Change absolute
CASH FLOWS FROM OPERATING ACTIVITIES				
Surplus (+) or deficit (–)		**– 21**	**110**	**– 131**
Depreciation	21, 23	243	266	– 23
Share of surplus/deficit of associated entities and joint ventures	20	25	– 28	53
Net finance income/expense (non-cash)	15	10	– 31	41
Increase/decrease in net working capital		45	– 40	84
Increase/decrease in net defined benefit liabilities	28	10	– 24	34
Increase/decrease in provisions	27	– 6	– 9	2
Increase/decrease in non-current receivables	17	– 62	– 4	– 57
Increase/decrease in dedicated third-party funds	29	36	– 5	41
Reclassification and other (non-cash) income		– 27	– 37	10
Cash flows from operating activities		**252**	**198**	**53**
CASH FLOWS FROM INVESTING ACTIVITIES				
Investments				
Purchase of property, plant and equipment	21	– 272	– 289	17
Purchase of intangible assets	21	– 5	– 4	– 1
Increase in co-financing	23	–	–	–
Increase in loans	22	–	–	–
Increase in current and non-current financial assets	22	– 1,256	– 54	– 1,202
Total investments		**– 1,533**	**– 348**	**– 1,185**
Divestments				
Disposal of property, plant and equipment	21	1	1	–
Disposal of intangible assets	21	–	–	–
Decrease in co-financing	23	–	–	–
Decrease in loans	22	–	1	–
Decrease in current and non-current financial assets	22	162	52	110
Total divestments		**163**	**53**	**111**
Dividends received from associated entities and Joint Ventures	20	1	1	–
Cash flows from investing activities		**– 1,369**	**– 295**	**– 1,075**
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase in short-term and long-term financial liabilities	25	8	–	8
Decrease in short-term and long-term financial liabilities	25	– 11	– 10	– 1
Cash flows from financing activities		**– 2**	**– 10**	**7**
Total cash flow		**– 1,120**	**– 106**	**– 1,014**
Cash and cash equivalents at the beginning of the period	16	**1,862**	**1,968**	**– 106**
Total cash flow		**– 1,120**	**– 106**	
Cash and cash equivalents at the end of the period	16	**742**	**1,862**	**– 1,120**
Net effect of currency translation on cash and cash equivalents		–	–	–
Contained in the cash flows from operating activities:				
Dividends received		5	5	–
Interest received		7	–	6
Interest paid		– 8	– 8	–

Notes to the consolidated financial statements

1 Business activity

The ETH Domain includes the two Federal Institutes of Technology ETH Zurich and EPFL, and the four research institutes Paul Scherrer Institute (PSI), the Swiss Federal Institute for Forest, Snow and Landscape Research (WSL), Swiss Federal Laboratories for Materials Testing and Research (Empa), and the Swiss Federal Institute of Aquatic Science and Technology (Eawag). The six institutions are public law organisations of the Swiss Confederation with a legal personality. The ETH Domain also includes the Board of the Swiss Federal Institutes of Technology (ETH Board) as the strategic governing and regulatory body, and the Internal Appeals Commission of the ETH.

Detailed information on the business activity, management and reporting of the ETH Domain is provided in the chapter on Governance (see Annual Report, p. 35 et sqq.).

2 Basis of accounting

These financial statements are consolidated financial statements covering the reporting period from 1 January 2022 to 31 December 2022. The reporting date is 31 December 2022. The report is prepared in Swiss francs (CHF). All figures are shown in millions of Swiss francs (CHF million) unless indicated otherwise.

Legal basis

The legal basis of ETH Domain's accounting is formed of the version of the following (including directives and regulations) in effect in the reporting period:

- Federal Act on the Federal Institutes of Technology of 4 October 1991 (ETH Act; SR 414.110) (Systematische Rechtssammlung, SR; classified compilation of the Swiss federal law)
- Ordinance on the Domain of the Swiss Federal Institutes of Technology of 19 November 2003 (Ordinance on the ETH Domain; SR 414.110.3)
- Ordinance on the Finance and Accounting of the ETH Domain of 5 December 2014 (SR 414.123)
- Accounting Manual for the ETH Domain (version 7.0)

Accounting standards

The annual consolidated financial statements of the ETH Domain have been prepared in accordance with the International Public Sector Accounting Standards (IPSASs). The underlying accounting provisions are set out in the Accounting Manual for the ETH Domain (Art. 34, Ordinance on the Finance and Accounting of the ETH Domain, SR 414.123).

IPSAS issued but not yet applied

The following IPSAS was issued before the reporting date.

Standard	Titel	Effective Date
Various	Improvements to IPSAS, 2021	01.01.2023
IPSAS 42	Social Benefits	01.01.2023
IPSAS 43	Leases	01.01.2025
IPSAS 44	Non-current Assets Held for Sale and Discontinued Operations	01.01.2025

The above-mentioned standards and improvements to the IPSAS have not been applied early in these annual consolidated financial statements. The ETH Domain systematically analyses the effects on its annual consolidated financial statements. No significant impact on the annual consolidated financial statements is expected at the present time, apart from the standard IPSAS 43 (Leases).
IPSAS 43 replaces the previous standard for Lease Accounting IPSAS 13. IPSAS 43 introduces a uniform approach for lessees for the financial reporting of lease agreements, according to which assets are to be recognised for the rights to use the leased assets, and liabilities are to be recognised for the payment obligations incurred, for all lease agreements in the balance sheet. For leased items of small

value and for short-term leases, the application expedients will be used. In contrast to the previous disclosure of expenditure from operative leases, depreciation on rights of use and interest expenditure from the accrued interest of lease liabilities will be recognised in future. The ETH Domain is currently systematically analysing the expected impact of IPSAS 43 on the annual consolidated financial statements.

There are no further changes or interpretations which are not yet compulsory in their application and which would have a significant impact on the ETH Domain.

Changes to the financial report methods (restatement)

The ETH domain early adopted IPSAS 41 Financial Instruments as of 1 January 2022 using the transition relief offered in IPSAS 41 from restating the comparative period as it pertains to classification and measurement of financial instruments. In addition, the ETH Domain applied consequential changes to IPSAS 30 Financial Instruments: Notes for the Reporting Period 2022. However, these have not been applied to the comparative disclosures.

IPSAS 41 defines the requirements for the recognition and measurement of financial instruments. This standard replaces IPSAS 29 Financial Instruments: Recognition and Measurement. The new classification is based on the business model for the government and the characteristics of the contractual cash flows of these financial instruments.

Classification and measurement of financial assets and financial liabilities.
The table below summarises the changes in the classification and measurement of financial instruments as of 1/1/2022:

Table 5: Restatement IPSAS 41

CHF millions	Loans and receivables	At fair value through surplus or deficit	Available for sale	Financial liabilities measured at amortised cost	Total carrying amount	Restatement IPSAS 41	Amortised cost	Fair Value through surplus or deficit	Financial liabilities measured at amortised cost	Total carrying amount
	31.12.2021						01.01.2022			
Cash and cash equivalents	1,862				1,862	–	1,862			1,862
Receivables from non-exchange transactions	1,616				1,616	–1	1,615			1,615
Receivables from exchange transactions	73				73	–	74			74
Financial assets and loans	164	371	17		552	–	164	388		552
Prepaid expenses and accrued income	28				28	–	28			28
Financial liabilities*	–	–	–	558	558	–	–	–	558	558

* Current liabilities, Leasing liabilities, Financial liabilities, Accrued expenses and deferred income

The ETH Domain has classified equity instruments amounting to CHF 17 million from the category "available for sale" to the category "equity instruments at fair value trough surplus or deficit". As a result of this reclassification, the accumulated measurement gains/losses recognised in equity have been reclassified in the amount of CHF 7 million from the valuation reserves to the accumulated surplus/deficit. The classification and measurement of the financial liabilities remained unchanged.

The impact of the initial application of IPSAS 41 on the carrying amounts of the financial assets at 1 January 2022 results exclusively from the application of the new impairment model.

Impairment of financial assets
IPSAS 41 replaces the model of "Losses incurred" of IPSAS 29 with a model of "Expected credit losses" ("ECL"). The new impairment model is to be applied to financial assets that are measured at amortised cost, to contract assets and to debt instruments measured at fair value (FV equity) not affecting net income. According to IPSAS 41, credit losses will be recognised earlier than according to IPSAS 29 – see the respective sections in Note 3 Accounting Policies. This change applies particularly to the loss allowance on receivables. In accordance with IPSAS 41, the simplified approach will be applied for the receivables. This involves taking into consideration the credit losses expected over the entire remaining period from the time when the receivables were recognised, using a loss allowance matrix.

The ETH Domain has determined that additional impairment expenditure from the application of the impairment regulations of IPSAS 41 as of 1 January 2022 are necessary in the amount of CHF just under 1m. This exclusively involves impairment on receivables (in particular receivables not yet due) and loans.

Loss allowances from receivables will not be disclosed separately in the consolidated statement of financial performance but in material expenditure, for reasons of materiality, similar to the presentation according to IPSAS 29.

3 Accounting policies

The accounting policies are derived from the basis of accounting. The annual consolidated financial statements present a true and fair view of ETH Domain's financial position, financial performance and cash flows.

The consolidated financial statements are based on historical cost. Exceptions to this rule are described in the following presentation of the accounting principles.

Consolidation

The annual consolidated financial statements of the ETH Domain comprise the financial statements of the two Federal Institutes of Technology, the four research institutes, the ETH Board, as well as the financial statements of all the entities over which the aforementioned institutions or the ETH Board exercise direct or indirect control. The carrying amounts of investments in associated entities are also included in the consolidated financial statements.

Control means that, through its involvement with the entity, the institution or the ETH Board has the power to direct the relevant activities of the entity and thus the ability to affect the nature and amount of benefits. At the same time, the controlling entity is exposed, or has rights, to variable benefits. The institution or the ETH Board normally has control if it directly or indirectly holds more than 50% of the voting rights or potential voting rights of the entity. These entities are fully consolidated.

Entities are consolidated on the basis of the single-entity financial statements of the institutions, the ETH Board and the controlled entities. Receivables, liabilities, revenue and expenses from transactions between the consolidated entities as well as ownership interests and unrealised intra-economic entity surpluses are eliminated on consolidation. All financial statements are prepared in accordance with uniform policies and normally at the same reporting date. Due to time constraints, it is sometimes necessary to use prior-year financial statements for controlled entities rather than the financial statements as at 31 December of the reporting period. The prior-year financial statements used make up an insignificant portion of the consolidated financial statements of ETH Domain and are adjusted for significant transactions between the prior-year reporting date and 31 December of the reporting period.

Investments in entities newly acquired in the course of the reporting period are included in the annual consolidated financial statements if they meet the consolidation criteria and exceed the thresholds defined in the Ordinance on the Finance and Accounting of the ETH Domain two years in succession. Entities which are sold are included up until the date on which control is lost, which is usually the date of disposal.

There are no non-controlling interests to consider or report in the ETH Domain.

Associated entities are entities where the institution or the ETH Board has significant influence, but not control. The institution or the ETH Board normally has significant influence over an associated entity if it holds a 20% to 50% share of the voting rights. These investments are not consolidated, but are instead accounted for using the equity method and recognised as investments in associated entities. Under the equity method, the value of the investment corresponds to the acquisition value, which is subsequently adjusted for any changes in the net assets of the associated entity. An overview of the controlled and associated entities can be found in section 35 Relationships with controlled and associated entities.

Currency translation

Transactions in a currency other than the functional currency are translated using the exchange rate at the transaction date.

At the reporting date, monetary items in foreign currencies are translated at the closing rate and non-monetary items using the exchange rate at the transaction date. The resulting currency translation differences are recognised as finance income or finance expense.

Assets and liabilities of controlled entities with a different functional currency are translated at the closing rate, and the statement of financial performance and cash flow statement at the average rate. Translation differences arising on the translation of net assets and statements of financial performance are recognised in equity.

The principal currencies and their exchange rates are:

Table 6: Principal currencies

		Closing rate as of		Average rate	
Currency	Unit	31.12.2022	31.12.2021	2022	2021
EUR	1	0.9874	1.0359	1.0048	1.0810
USD	1	0.9250	0.9107	0.9550	0.9143
GBP	1	1.1187	1.2332	1.1791	1.2575
JPY	1,000	7.0540	7.9230	7.2950	8.3260
SGD	1	0.6898	0.6764	0.6923	0.6803

Revenue recognition

Each inflow of funds is assessed to determine whether it is an exchange transaction (IPSAS 9) or a non-exchange transaction (IPSAS 23). In the case of an exchange transaction (IPSAS 9), the revenue is generally recognised when the goods are delivered or the services rendered. For project agreements, the performance obligation not yet performed is allocated to liabilities. The revenue is recorded and reported by reference to the stage of completion of the project, based on the costs incurred in the reporting period.

In the case of a non-exchange transaction (IPSAS 23), a distinction is made between whether or not there is a performance or repayment obligation. If there is such an obligation, the corresponding amount is recognised as a liability at inception of the agreement and released to surplus or deficit according to the stage of completion based on the resources consumed.

If there is neither an exchange nor a performance or repayment obligation in accordance with IPSAS 23, revenue is recognised in surplus or deficit in full in the reporting period and net assets/equity increased accordingly. This is usually the case with donations.

Revenue and costs for construction contracts (IPSAS 11) are booked as at the reporting date as income and expenses corresponding to the project's progress. Income is valued at the actual value of the received or pending exchange transaction. The cost calculation for expenses is based on systematic and appropriate methods. Construction contracts with a negative balance are displayed as debt, those with a positive balance as assets.

Revenue is structured as follows:

Total federal contribution
The contributions granted by the Federal Government to the ETH Domain include the federal financial contribution (in the narrower sense) and the federal contribution to accommodation. Both types of revenue are classified as non-exchange transactions (IPSAS 23). Federal contributions are recognised in the year in which they are paid. Unused funds from federal financial contributions result in reserves under equity.

The contribution to accommodation is equal to the accommodation expense, which is equal in amount to an imputed rent for the buildings owned by the Federal Government and used by the institutions of the ETH Domain. Accommodation expense is reported within other operating expenses.

Tuition fees, continuing education
Revenue from tuition fees, cost contributions to continuing education and further training as well as administration fees is classified as an exchange transaction (IPSAS 9). As a rule, revenue is accounted for on an accrual basis when the goods are delivered or the services rendered.

Research contributions, mandates and scientific services
Project-related contributions are given to the institutions of the ETH Domain by various donors with the aim of promoting teaching and research. Project financing primarily relates to multi-year projects. Depending on the nature of the contributions, they are classified as either an exchange or a non-exchange transaction.

Donations and bequests
Revenue from donations and bequests is classified as a non-exchange transaction (IPSAS 23). Such grants where there is no conditional repayment risk are usually recognised as revenue in full when the agreement is signed.

Donations also include goods and services in-kind, which are distinguished as follows:
- **Goods In-kind** are recognised as assets in accordance with the applicable provisions when the agreement is signed.
- **Donated rights** to use assets in the sense of an operating lease are recognised as revenue and expense. Donated rights to use assets in the sense of a finance lease are measured at their fair value at inception of the agreement, if this is known, and depreciated over their useful life. If a performance obligation exists, it is stated as a liability and revenue recognised annually according to the services received. If there is no performance obligation, revenue is recognised upon recognition of the asset as a whole.
- **Services In-kind** received are not recognised but are instead disclosed and commented upon in the Notes if they are material.

Due to the high number and the difficulty in elicitation, separability and measurement of rights of use and services in-kind within research agreements, these are not recognised. There is only a general description of the research activity in the Notes section.

Other revenue
Among other items, other revenue includes other service revenue and real estate revenue. This revenue is classified as an exchange transaction (IPSAS 9). As a rule, revenue is accounted for on an accrual basis when the goods are delivered or the services rendered.

Cash and cash equivalents

Cash and cash equivalents comprise cash-in-hand, demand and term deposits with financial institutions and funds invested with the Federal Government if their total term or the remaining term to maturity at the time of acquisition is less than 90 days. Cash and cash equivalents are measured at their nominal amount.

Receivables

Receivables from exchange (from goods and services) and non-exchange transactions are presented separately in the balance sheet.

In the case of receivables from non-exchange transactions (IPSAS 23), such as on SNSF and EU projects and from other donors, it is probable that there will be an inflow of funds in relation to the total contractual project volume. Therefore, the total amount of the project is usually recognised as a receivable at inception of the agreement if the fair value can be measured reliably. If the recognition criteria cannot be met, information is disclosed under contingent assets. Non-current receivables of over CHF 10m are stated at amortised cost using the effective interest method. Current receivables are stated at cost.

Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method. Appropriate value adjustments are recognised for slow-moving inventories.

Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation. They are depreciated over their estimated useful life using the straight-line method. The estimated useful lives are as follows:

Table 7: Useful life of the asset categories

Asset category	Useful life ETH Zurich/EPFL	Useful life Research Institute and ETH Boards
Immovable assets		
Property	unrestricted	unrestricted
Leasehold improvements <= CHF 1 million	10 years	10 years
Leasehold improvements > CHF 1 million	according to components [1]	according to components [1]
Buildings and structures	according to components [2]	according to components [2]
Biotopes and geotopes	unrestricted	unrestricted
Movable assets		
Machinery, equipment, tools, devices	5 years	5–10 years
Passenger vehicles, delivery vehicles, trucks, aircraft, ships, etc.	5 years	4–7 years
Furnishings	5 years	5–10 years
IT and communication	3 years	3–7 years
Large scale research plants and equipment	–	10–40 years [3]

1 In the case of items of property, plant and equipment with a value of CHF 1 million or above, it is checked whether components (with a value that is significant in relation to the total value) need to be recognised and depreciated separately because they have a different useful life (components approach).

2 Useful life depends on the type of building, its purpose and the fabric of the building (20–100 years). Assets under construction are not depreciated.

3 This practice is deviated from in exceptional cases.

Capitalised leasehold improvements and installations in leased premises are depreciated over the estimated useful life or over the term of the lease if shorter.

In the event of additions to property, plant and equipment, checks are made as to whether components with a value that is significant in relation to the total value need to be recognised and depreciated separately because they have a different useful life (components approach).

Investments that have future economic benefits or are of public interest over several years and can be measured reliably are recognised as assets and depreciated over the estimated useful life.

The residual value of property, plant and equipment that is scrapped or sold is derecognised at the time of the asset's physical disposal. The gains or losses resulting from the derecognition of an item of property, plant and equipment are recognised as operating revenue or operating expenses.

Movable cultural items and works of art are not recognised as assets. An inventory of these items is kept.

Intangible assets

Intangible assets are recognised at cost. Standard software is amortised over three years using the straight-line method. Other intangible assets with an amortisation period required to be determined individually are amortised over their estimated useful life using the straight-line method.

Impairments of non-financial assets (property, plant and equipment and intangible assets)

Property, plant and equipment and intangible assets are reviewed annually for indications of impairment. If specific indications are identified, an impairment test is performed. If the carrying amount permanently exceeds the value in use or net realisable value, an impairment is recognised in surplus or deficit in the amount of the difference. If the main purpose of an investment is to generate a commercial return, the impairment is calculated using IPSAS 26 (Impairment of cash-generating assets). For all other investments, any impairment is calculated in accordance with the provisions of IPSAS 21 (Impairment of non-cash-generating assets). The main criteria for the judgement are the original motives behind the respective investments and the significance of the planned cash inflows.

Financial assets

Procedure up to 31 December 2021

Loss allowances will be made on receivables on the basis of experience and case-by-case assessments. Loss allowances of loans and fixed deposits will be made based on case-by-case assessments.

Procedure from 1 January 2022

The ETH Domain recognises loss allowances for expected credit losses (ECL) for financial assets which are valued at amortised cost. The ETH Domain measures the loss allowances on receivables in the amount of the expected credit losses over the term (simplified approach). The amount of the loss allowance is measured in the amount of the 12-month credit loss to be expected on the following financial instruments (three-level approach):

- Loans which have a low default risk at the balance sheet date and
- bank deposits for which the default risk has not significantly increased since initial recognition.

Loss allowances for receivables from non-exchange transactions and for receivables from exchange transactions will always be measured in the amount of the credit loss to be expected over the term (simplified approach) using a loss allowance matrix. The probability of default is based on experience, supplemented where possible with currently observed data and an assumption of future development. No loss allowance will be recognised for the share for which a performance obligation according to IPSAS 23 is still recorded in the balance sheet.

In determining whether the default risk of a financial asset has significantly increased since the initial recognition, and in estimating expected credit losses, the ETH Domain takes into account appropriate and reliable information, which is relevant and available without undue expenditure of time and money. This comprises both quantitative as well as qualitative information and analyses which are based on previous experiences of the ETH Domain and well-founded assessments, including forward-looking information, where possible. Among other things, the ETH Domain assumes that the default risk of a financial asset has significantly increased if it is overdue by more than 30 days.

Presentation of the loss allowance for expected credit losses in the balance

Impairments on financial assets which are measured at amortised cost are deducted from the gross book value of the assets.

Acceptance of loss allowance

The gross book value of a financial asset will be derecognised if the ETH Domain, after reasonable assessment, does not assume that the financial asset is achievable either completely or in part. For this purpose, the ETH Domain carries out an individual estimate of the time and amount of the acceptance of the loss allowance. Here, the ETH Domain fundamentally expects that collection of the financial asset is possible. If the ETH Domain does not expect any significant redemption, the amount will be used and the asset derecognised.

Leases

Leases for real estate, equipment, other movable assets and vehicles where the ETH Domain substantially assumes all the risks and rewards incidental to ownership are treated as finance leases. At inception of the lease, the assets and liabilities under a finance lease are recognised at the fair value of the leased property or, if lower, the present value of the minimum lease payments. Each lease payment is apportioned between the reduction of the outstanding liability and the finance charge. The reduction is deducted from the recognised lease liability. The depreciation of the leased goods occurs over whichever is the shorter of the useful life or the lease term, if the transfer of ownership is not certain by the end of the lease term.

Other leases where the ETH Domain acts as the lessee or lessor are recognised as operating leases. They are not carried in the balance sheet, but instead recognised as an expense in the statement of financial performance on an accrual basis.

Long-term leases of real estate are assessed separately depending on whether they are for plots of land or buildings.

Financial assets and loans

Procedure up to 31 December 2021

Financial assets are recognised at fair value if they are acquired with the intention of generating a profit from short-term fluctuations in price or if they are designated as financial assets at fair value (e.g. investments held without significant influence). Changes in value are recognised in surplus or deficit.

Other non-current financial assets that are held for an indefinite period and may be sold at any time for liquidity reasons or in response to changes in market conditions are classified as available for sale and stated at fair value or at cost if the fair value cannot be determined reliably. Unrealised gains and losses are recognised in equity and only transferred to surplus or deficit when the financial asset is sold or an impairment occurs. For instance, investments where there is neither control nor significant influence are recognised as available for sale.

Originated loans and fixed deposits are stated either at amortised cost (nominal value of less than CHF 10m, and current loans and fixed deposits of over CHF 10m) or at amortised cost using the effective interest method (non-current loans and fixed deposits of over CHF 10m). The effective interest method allocates the difference between the acquisition cost and the repayment amount (premium/discount) over the term of the asset, using the net present value method. Impairment losses are recognised based on a case-by-case assessment.

Derivative financial instruments are used primarily for hedging or as a strategic position. Without exception, they are measured at fair value. Changes in value are usually recognised in surplus or deficit.

Procedure from 1 January 2022
At initial recognition, a financial asset will be classified and measured as follows in the ETH Domain:
- At amortised cost (AC):
  - These are debt instruments that are held in order to collect contractual cash flows which are exclusively principal and interest payments. These include primarily loans and fixed deposits.
  - Originated loans and fixed deposits are stated either at amortised cost (nominal value of less than CHF 10 million, and current loans and fixed deposits of over CHF 10 million) or at amortised cost using the effective interest method (non-current loans and fixed deposits of over CHF 10 million).
  - The amortised costs are reduced by impairment expenditure. Interest earnings, foreign exchange gains and losses as well as impairments will be recognised in surplus or deficit. A gain or loss from derecognition will be recognised in surplus or deficit
- At fair value through surplus or deficit:
  - The financial assets held for trade purposes as well as derivative financial instruments are recognised at fair value through surplus or deficit. Fluctuations in value and dividends will be recognised in surplus or deficit.

Investment property

Investment property is only reported separately if it is material. Otherwise, it is recognised in the balance sheet as property, plant and equipment and disclosed accordingly.

Co-financing

Co-financing is third-party funding acquired by the ETH Domain that is used to finance construction projects in property owned by the Federal Government.

Co-financing is measured based on the valuation of the underlying property, which the Federal Government recognises at cost less accumulated depreciation. A property's ongoing depreciation reduces the value of the co-financing to the same degree as the underlying property.

Co-financing is reported with the same amounts on both the assets and the equity and liabilities side (in equity) of the balance sheet.

Current liabilities

Current liabilities are usually recognised on receipt of the invoice. This item also includes current accounts with third parties (including social insurance institutions). Current liabilities are measured at their nominal amount.

Financial liabilities

Financial liabilities include monetary liabilities resulting from financing activities as well as negative replacement values from derivative financial instruments. Monetary liabilities are usually interest-bearing. Liabilities that are due for repayment within twelve months of the reporting date are current. They are generally measured at amortised cost. Derivative financial instruments are measured at their fair value.

Provisions

Provisions are recognised when a past event gives rise to a present obligation, an outflow of resources is probable and the amount can be estimated reliably.

Defined benefit plans

Net defined benefit liabilities presented in the balance sheet are measured in accordance with the methods IPSAS 39. They correspond to the present value of the defined benefit obligations (DBO), less the fair value of the plan assets. A description of the pension scheme and the insured persons of the ETH Domain can be found in Note 28 Defined benefit plans.

The defined benefit obligations and the service costs are determined annually by external experts using the actuarial valuation method Projected Unit Credit-method. The calculation is made based on information about the beneficiaries (salary, vested benefits, etc.) and using both demographic (retirement rates, disability rates, mortality rates, etc.) and financial (salary or pension trends, returns, etc.) assumptions. The amounts calculated are discounted to the valuation date by applying a discount rate. Changes in estimates of economic conditions can significantly affect defined benefit obligations.

The defined benefit obligations were measured based on the current membership base of the ETH Domain's pension scheme as of 31 October 2022, using actuarial assumptions as of 31 December 2022 (e. g. BVG 2020 actuarial tables), and the plan provisions of the ETH Domain pension scheme. The results were then adjusted using estimated pro rata cash flows as of 31 December 2022. The fair value of the plan assets is used including estimated performance as of 31 December 2022.

The inclusion of risk sharing in the measurement of pension liability occurs in a two-level judgement and requires the definition of additional assumptions. As with the other financial and demographic assumptions, these assumptions are from the employer's perspective. In the first step, it will be checked whether a current or future structural deficit can be proved. If this is the case, any performance measures (conversion rate reduction and accompanying measures such as the contribution of retirement assets, adjustment of amounts) will be taken into consideration in the calculations. If a structural financial shortfall remains, this will be split up mathematically in a second step between employer and employee.

The assumption is that the employer's share of the financial shortfall is limited to 64% as per the current scale for regulatory savings contributions. The employee share is distributed according to the past and future expected service years at a flat rate in an acquired and outstanding share. The part that has already been acquired reduces the cash value of the employer's pension liability while the outstanding part reduces the future service costs of the employer.

Effects from plan amendments that relate to risk-sharing assumptions have no longer been recognised on the statement of financial performance since the introduction of risk sharing, but rather are recognised directly in equity as part of the revaluation of the liability.

Any net pension plan asset from a defined benefit plan will be recognised at the lower value from the excess cover (after deduction of employee's contribution of 50%) and the cash value of an economic benefit in the form of refunds or reductions of future contribution payments ("asset ceiling").

Current service cost, past service cost resulting from plan amendments, gains and losses on settlement, administrative costs and interest on the net defined benefit liabilities are presented in the statement of financial performance within personnel expenses.
Plan amendments and settlements are recognised immediately in surplus or deficit in the period in which they occur provided they result in vested benefits.

Actuarial and investment gains and losses on defined benefit plans are recognised directly in equity in the reporting period in which they occur.

Dedicated third-party funds

Liabilities from dedicated projects that arise from non-exchange transactions (IPSAS 23) are presented in the balance sheet as dedicated third-party funds. They are allocated solely to non-current liabilities because the projects usually last for several years and the current portion of the liability cannot be determined in most cases due to the nature of the projects.

They are measured based on the outstanding performance obligations at the reporting date, which are calculated from the total contractual project volume less services performed up to the reporting date.

Equity

Net assets/equity is the residual interest in the assets of an entity after deducting all its liabilities. In the ETH Domain, equity is structured as follows:

Valuation reserves (recognition in equity):

- **Revaluation reserves for available-for-sale financial assets:** recognised at fair value. Fair value changes are recognised in equity until the financial assets are sold. With the introduction of IPSAS 41 as at 1 January 2022, this item will be reclassified in the accumulated surplus/deficit. See the relevant explanations in Chapter 2 Basis of Accounting.
- **Revaluation reserves for net defined benefit liabilities:** actuarial and investment gains and losses on defined benefit obligations or plan assets are recognised in equity.

Reserves from associated entities

This position contains reserves from the inclusion of the proportional equity from the associated entities valued according to the equity method. These reserves cannot be accessed directly and they are dedicated.

Donations, grants and co-financing

This item includes unused third-party funds from donations and bequests as well as from other grants that have conditions attached, but are not required to be classified as liabilities.

These funds are exclusively from non-exchange transactions (IPSAS 23). The result generated from the management of third-party funds and the reserves for fluctuations in the value of the securities portfolio (risk capital) are also allocated to this category. Further information on co-financing can be found in the section "Co-financing".

Reserves with internal dedication

- **Teaching and research reserves:** this item indicates that various internal commitments exist and appropriate reserves are recognised to cover them. They comprise reserves for teaching and research projects. These also include appointment commitments i.e. funds granted to newly elected professors under contractual arrangements for the purpose of setting up their professorship.
- **Infrastructure and administration reserves:** these include reserves for delayed construction projects and for dedicated savings for specific infrastructure projects and administration projects.

Reserves without dedication

Unused funds for which there are no contractual or internal provisions in accordance with IPSAS are presented as reserves without dedication. They are not restricted in terms of time or purpose. Reserves must have been generated. They are recognised and released within the equity.

Accumulated surplus/deficit

The accumulated surplus/deficit shows the cumulative results at the reporting date. It comprises the surplus/deficit carried forward, the surplus/deficit for the period and increases or decreases (transfers in currrent period) in donations, grants and co-financing as well as reserves from associated entities and the allocations to and releases from the reserves (appropriation of reserves).

The surplus/deficit carried forward changes annually as part of the appropriation of surplus/deficit. The surplus/deficit for the period includes the portion of the result not yet distributed. If currency translation differences arise on foreign, fully consolidated entities on consolidation, they are recognised in equity, without affecting surplus or deficit.

Contingent liabilities and contingent assets

A contingent liability is either a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of an uncertain future event not wholly within the control of the entity; or a present obligation that arises from past events but is not recognised because of its low probability of occurrence (less than 50%) or because the obligation cannot be measured reliably, as a result of which the criteria for recognising a provision are not met.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of an uncertain future event not wholly within the control of the entity.

Financial commitments

Financial commitments are presented in the Notes if they are based on events prior to the reporting date, they will definitely lead to obligations to third parties after the reporting date and their amount can be measured reliably.

Cash flow statement

The cash flow statement shows the cash flows from operating activities, investing activities and financing activities. It is presented using the indirect method, i.e. cash flows from operating activities are based on the surplus or deficit for the period, adjusted for the effects of transactions of a non-cash nature. Total cash flow represents the change in the balance sheet item Cash and cash equivalents taking account of foreign currency effects during the consolidation of foreign investments.

Segment reporting

The two sub-consolidated Federal Institutes of Technology, the four research institutes and the ETH Board are defined as segments in the ETH Domain. The segments reflect the operational independence of the institutions. The intersegment transfers are based on the cost structure.

4 Estimation uncertainty and management judgements

Estimation uncertainty in the application of accounting policies Preparation of the annual consolidated financial statements is dependent on assumptions and estimates in connection with accounting principles, where management has a certain margin of discretion. Although these estimates are based on management's best knowledge, actual results may differ from those estimates. This applies to the following items in particular:

Useful life and impairment of plant, property and equipment
The useful life of plant, property and equipment is defined and periodically reviewed bearing in mind the current technical environment and past experience. A change in the estimate may affect the future amount of the depreciation charges and the carrying amount.

Estimates that could lead to a reduction in the carrying amount (impairment) are likewise made in the course of the regular impairment test.

Provisions as well as contingent assets and liabilities
Provisions as well as contingent assets and liabilities involve a higher degree of estimation with respect to the probability and scale of cash inflows and outflows. As a result, they therefore may lead to a higher or lower cash outflow depending on the actual outcome of a past event.

Defined benefit plans
The net defined benefit liabilities and assets are calculated based on long-term actuarial assumptions for the defined benefit obligations and for the expected returns on plan assets. These assumptions may differ from actual future developments. The determination of the discount rate and future salary and pension trends and demographic development (future life expectancy, disability, likelihood of the employee leaving) and assumptions about risk sharing between employer and employee are an important component of the actuarial valuation.

Recognition of donations
The ETH Domain regularly receives donations in the form of assets. Under IPSASs, donations must be recognised initially at fair value. The determination of that fair value requires management to make estimates.

Discount rates
Uniform discount rates have been defined for use in discounting non-current receivables, liabilities and provisions. They are based on a risk-free rate and a premium for credit risk. However, because of the current interest rate situation these discounting rates are subject to some uncertainties.

Loss allowance for expected credit losses
In the measurement of the loss allowance due to expected credit losses for receivables from non-exchange transactions and for receivables from exchange transactions, the key assumptions for determining probabilities of default are subject to estimation uncertainties.

Management judgements in the application of accounting policies

Finance lease
When accounting for two long-term lease contracts of Société du Quartier Nord de l'EPFL (SQNE) and Société du Quartier de l'Innovation (SQIE), EPFL applied the following significant management judgements until 2021:

- Both leases were classified as finance leases because the main risks and rewards incidental to ownership have been transferred to EPFL.
- Termination of the lease after 30 years was seen as the most likely scenario. This hypothesis does not impose any formal obligation upon the EPFL to terminate the leases.

The assessments listed above for the SQIE rental agreement remain valid in the reporting period.

Finance lease in connection with SQNE
In 2022, EPFL initiated the early reversion of the SwissTech Convention Center (STCC) to the Federal Government by 2026 at the latest for a total sum of CHF 146m financed from EPFL's reserves. To this end, the Swiss Confederation signed an agreement with Credit Suisse Funds AG in June 2022 that governs the early reversion of the STCC to the Federal Government at a fixed price and for a date between 2024 and 2026. EPFL has also signed an amendment to extend the existing rental agreement for the Centre de Logement (CL), which includes a hotel, student accommodation, restaurants and retail space, by 10 years. With respect to the early reversion of the STCC, the Federal Parliament approved a contingent credit in the amount of CHF 146m on 5 December 2022.

The lease agreements were reassessed in accordance with IPSAS 13 and it was concluded that the rental agreement for the Centre de Logement (CL) and the new STCC agreement continue to qualify as finance leases.

- Based on the purchase agreement, the residual value of the STCC will be deactivated as of 31 December 2022 and replaced by the building purchase price fixed with Credit Suisse Funds AG, increased by the rental costs up to 31 December 2026 (latest possible and contractually specified change of ownership) as well as the VAT effects on the constructions costs (reduction of the input tax deduction) also calculated as of 31 December 2026. The financial obligation will be adjusted accordingly as of 31 December 2022.
- Due to the 10-year rental agreement extension, the value of the Centre de Logement (CL) has increased by the present value of the additional rental years. The depreciation period for construction elements with a service life of more than 30 years will be extended to 40 years from 1 January 2023. This will have a depreciation-reducing effect. The financial obligation will be adjusted accordingly as of 31 December 2022.

In addition to the positive impact on the result in 2022 due to the changes in the valuation of the STCC and CL finance lease agreements, it is important to specify that in the year of the early reversion (2024, 2025 or 2026) the Federal financial contribution to EPFL will be reduced by the amount of the contingent credit (CHF 146m) and EPFL will have to compensate for this effect by taking a corresponding amount from its reserves in order to finance its operating activities. The expected reduction in reserves will more than offset the increase in accumulated surplus recorded in 2022 at EPFL.

Property, plant and equipment
A review of the effective useful life of the accelerator facilities at the PSI in 2019 revealed a value of 45 years. Large scale research plants and equipment is generally depreciated over a period of between 10 and 40 years. In exceptional cases, however, this can be deviated from. From a technological point of view and based on experience to date, a longer useful life is appropriate in this case.

Provisions
Provisions set aside at the PSI for dismantling the accelerator facilities and the disposal of the radioactive waste amounting to CHF 536m (previous year: CHF 540m, see Note 27 Provisions).

The amount is based on estimates of the Federal Government's and the ETH Domain's disposal costs on the basis of the cost study for deep geological disposal issued by Swissnuclear in 2016 (KS16). It was duly noted by the Federal Council on 30 November 2018. This amount corresponds to the current estimate of the total costs to be expected up to and including storage in the deep geological repository at today's value.

No inflation rate is taken into account, nor is a simultaneous discounting of the provisions being considered, as this would not allow a more reliable statement to be made. Both inflation and the expected cash outflow depend to a large extent on when final storage takes place.

The assessment of the total cost for the radioactive waste of the Federal Government is updated every five years. The now existing KS21 cost study will be broken down to the affected units in 2023. This will be the time of the revaluation.

5 Comparison with the budget

Table 8: Statement of financial performance for the ETH Domain (consolidated) – Comparison between the 2022 statement and the final 2022 budget

CHF millions	Budget 2022			Actual 2022	Changes to B2022 Final absolute
	Approved	Reconciliation of federal financial contribution/ IPSAS effects	Final		
Federal financial contribution	2,462	– 21	2,441	2,441	–
Federal contribution to accommodation	202	–	202	202	–
Total federal contribution	**2,664**	**– 21**	**2,643**	**2,643**	**–**
Tuition fees, continuing education	**53**	**–**	**53**	**58**	**4**
Swiss National Science Foundation (SNSF)	274	–	274	268	– 6
Swiss Innovation Agency (Innosuisse)	53	–	53	44	– 9
Special federal funding of applied research	79	–	79	87	8
EU Framework Programmes for Research and Innovation (EU FPs)	155	–	155	154	–
Industry-oriented research (private sector)	141	–	141	136	– 4
Other project-oriented third-party funding (incl. cantons, municipalities, international organisations)	85	–	85	105	21
Research contributions, mandates and scientific services	**786**	**–**	**786**	**795**	**9**
Donations and bequests	**95**	**–**	**95**	**138**	**44**
Other revenue	**121**	**–**	**121**	**146**	**25**
Operating revenue	**3,719**	**– 21**	**3,698**	**3,780**	**82**
Personnel expenses	2,455	11	2,466	2,503	38
Other operating expenses	931	–	931	944	13
Depreciation	260	–	260	243	– 17
Transfer expenses	120	–21	99	60	– 39
Operating expenses	**3,765**	**– 10**	**3,755**	**3,750**	**– 5**
OPERATING RESULT	**– 46**	**– 11**	**– 57**	**30**	**87**
NET FINANCE INCOME/EXPENSE	**– 1**	**–**	**– 1**	**–27**	**– 25**
Share of surplus/deficit of associated entities and joint ventures	–	–	–	–25	– 25
SURPLUS (+) OR DEFICIT (–)	**– 47**	**– 11**	**– 58**	**– 21**	**37**

Table 9: Reallocation of funds ETH Domain, Budget 2022

CHF millions	ETH Board	ETH Zurich	EPFL	PSI	WSL	Empa	Eawag	Total Credit
Status as at 01.01.2022 (federal decree Ia as of 16.12.2021)	**53.8**	**1,208.6**	**681.0**	**317.1**	**57.2**	**88.2**	**56.4**	**2,462.3**
Changes:								
Credit reallocation: flexibility								
Credit reallocation in favour of credit A202.0134 constructions of ETH Domain in acc. with FHV Art. 20 para. 5	–	−16.0	8.7	0.2	−0.4	−15.6	2.2	−20.9
Assignments by ETH Board:								
Strategic Proposals Teaching and Research	−19.3	2.7	5.0	3.2	0.2	8.0	0.2	–
Credit reallocations within Strategic Focus Areas								
Personalized Health and Related Technologies	−13.4	10.9	2.3	0.1	–	0.2	–	–
Advanced Manufacturing	−3.7	0.7	1.0	0.5	–	1.5	–	–
Data Science	−11.5	6.4	3.8	0.7	0.5	–	0.1	–
Various credit reallocations	−3.1	0.1	−0.1	–	3.0	–	0.1	–
Status as of 31.12.2022	**2.8**	**1,213.3**	**701.7**	**321.8**	**60.5**	**82.3**	**59.0**	**2,441.4**

The budget for 2022 approved by Parliament on 16 December 2021 includes a financing contribution in the amount of CHF 2,462m (Volume 3 of the federal decrees). The consolidated surplus or deficit of the proposed budget for 2022, according to the ETH Board's 2022 Budget Report for the ETH Domain (June 2021) amounted to −CHF 47m.

The final budget for 2022 shows an adjustment compared to the approved budget for 2022, which led to the budgeted annual deficit of −CHF 58m for 2022. This relates to the recognition of net pension costs of CHF 11m under personnel expenses in accordance with IPSAS 39.

By contrast, the reallocation of funds as shown in Table 9 had no effect on the budgeted surplus or deficit for 2022, as revenue and expenses also changed to the same extent:

- Reallocation of funds within the ETH Domain;
- Budget-neutral credit reallocation of CHF 20.9m (previous year: 0) from the ETH Domain's financial contribution (credit A202.0181, VE 701 GS-WBF) to the investment credit for ETH buildings (Credit A202.0134, VE 620 BBL). The credit reallocation took place within the scope of the flexibility between the two credits within the expenditure ceiling for 2021–2024 of the ETH Domain and based on Art. 6(5) of FedD Ia on the 2022 budget.

In the budgeting process, those entities controlled or significantly influenced by ETH Zurich, EPFL and the PSI are not included in the consolidated financial statements. This leads to one of the discrepancies between the annual financial statement and the budget for 2022.

The other figures in the final 2022 budget reflect the approved budget in accordance with the 2022 Budget Report issued by the ETH Board for the ETH Domain.

6 Segment reporting

The two sub-consolidated ETH Institutes of Technology, the four research institutes and the ETH Board are defined as segments in the ETH Domain.

Statement of financial performance by segments

Table 10: Statement of financial performance 2022 by segments

	2022							
CHF millions	ETH Zurich	EPFL	PSI	WSL	Empa	Eawag	ETH Board	ETH Domain*
Federal financial contribution	1,213	702	322	61	82	59	3	2,441
Federal contribution to accommodation	117	49	17	3	11	3	1	202
Total federal contribution	**1,331**	**751**	**339**	**64**	**93**	**62**	**3**	**2,643**
Tuition fees, continuing education	**36**	**19**	**2**	**–**	**–**	**–**	**–**	**58**
Swiss National Science Foundation (SNSF)	134	96	18	7	7	5	–	268
Swiss Innovation Agency (Innosuisse)	20	11	1	–	12	–	–	44
Special federal funding of applied research	33	18	11	13	7	6	–	87
EU Framework Programmes for Research and Innovation (EU FPs)	78	59	8	2	6	1	–	154
Industry-oriented research (private sector)	65	51	8	–	13	1	–	136
Other project-oriented third-party funding (incl. cantons, municipalities, international organisations)	41	48	16	5	4	1	–	105
Research contributions, mandates and scientific services	**372**	**283**	**62**	**28**	**49**	**15**	**–**	**795**
thereof transitional measures Confederation	3	8	7	–	–	–	–	18
Donations and bequests	**105**	**31**	**–**	**–**	**2**	**–**	**–**	**138**
Other revenue	**37**	**57**	**60**	**3**	**8**	**1**	**–**	**146**
Operating revenue	**1,880**	**1,142**	**464**	**95**	**154**	**78**	**4**	**3,780**
Personnel expenses	1,241	723	278	77	120	56	10	2,503
Other operating expenses	505	270	101	20	42	18	4	944
Depreciation	103	47	75	2	13	4	–	243
Transfer expenses	28	32	1	2	–	–	12	60
Operating expenses	**1,877**	**1,072**	**455**	**101**	**176**	**79**	**26**	**3,750**
OPERATING RESULT	**3**	**70**	**9**	**–6**	**–22**	**–1**	**–23**	**30**
NET FINANCE INCOME/EXPENSE	**–44**	**16**	**–**	**–**	**–**	**–**	**–**	**–27**
Share of surplus/deficit of associated entities and joint ventures	–33	7	1	–	–	–	–	–25
SURPLUS (+) OR DEFICIT (–)	**–73**	**93**	**10**	**–6**	**–22**	**–1**	**–23**	**–21**

* Including consolidation entries (Research contributions, mandates and scientific services: –CHF 14m; Donations and bequests: –CHF 1m; Other revenue: –CHF 20m; Personnel expenses: –CHF 3m; Other operating expenses: –CHF 16m; Transfer expenses: –CHF 16m)

Table 11: Statement of financial performance 2021 by segments

	2021							
CHF millions	ETH Zurich	EPFL	PSI	WSL	Empa	Eawag	ETH Board	ETH Domain*
Federal financial contribution	1,176	673	314	59	108	60	−17	2,373
Federal contribution to accommodation	134	56	19	4	12	4	1	230
Total federal contribution	**1,310**	**730**	**333**	**62**	**121**	**64**	**−17**	**2,604**
Tuition fees, continuing education	**36**	**18**	**2**	**–**	**–**	**–**	**–**	**56**
Swiss National Science Foundation (SNSF)	135	97	16	7	8	5	–	268
Swiss Innovation Agency (Innosuisse)	18	11	1	–	10	–	–	41
Special federal funding of applied research	36	17	11	13	6	6	–	87
EU Framework Programmes for Research and Innovation (EU FPs)	81	62	9	1	6	1	–	160
Industry-oriented research (private sector)	61	50	13	–	13	1	–	136
Other project-oriented third-party funding (incl. cantons, municipalities, international organisations)	34	44	14	3	4	1	–	95
Research contributions, mandates and scientific services	**366**	**281**	**63**	**25**	**48**	**14**	**–**	**788**
Donations and bequests	**89**	**33**	**–**	**–**	**–**	**–**	**–**	**122**
Other revenue	**37**	**50**	**52**	**3**	**8**	**1**	**–**	**127**
Operating revenue	**1,837**	**1,113**	**450**	**90**	**177**	**79**	**−17**	**3,697**
Personnel expenses	1,199	707	268	72	118	55	10	2,426
Other operating expenses	476	248	102	19	41	18	4	893
Depreciation	101	78	69	2	13	4	–	266
Transfer expenses	27	27	2	1	1	–	12	56
Operating expenses	**1,803**	**1,060**	**442**	**94**	**173**	**78**	**26**	**3,641**
OPERATING RESULT	**34**	**52**	**9**	**−3**	**5**	**2**	**−42**	**56**
NET FINANCE INCOME/EXPENSE	**32**	**−6**	**–**	**–**	**–**	**–**	**–**	**26**
Share of surplus/deficit of associated entities and joint ventures	27	–	1	–	–	–	–	28
SURPLUS (+) OR DEFICIT (−)	**94**	**46**	**10**	**−3**	**5**	**1**	**−42**	**110**

* Including consolidation entries (Research contributions, mandates and scientific services: −CHF 10m; Donations and bequests: −CHF 1m; Other revenue: −CHF 22m; Personnel expenses: −CHF 3m; Other operating expenses: −CHF 16m; Transfer expenses: −CHF 15m)

Balance sheet by segments

Table 12: Balance sheet as of 31 December 2022 by segments

	31.12.2022							
CHF millions	ETH Zurich	EPFL	PSI	WSL	Empa	Eawag	ETH Board	ETH Domain*
CURRENT ASSETS								
Cash and cash equivalents	191	166	167	40	79	51	49	742
Current receivables from non-exchange transactions	293	221	40	25	36	9	–	622
Current receivables from exchange transactions	33	17	23	1	4	1	–	72
Current financial assets and loans	895	519	–	41	56	28	–	1,540
Inventories	7	3	2	–	–	–	–	12
Prepaid expenses and accrued income	26	16	13	–	2	3	–	60
Total current assets	**1,445**	**941**	**247**	**106**	**177**	**92**	**49**	**3,048**
NON-CURRENT ASSETS								
Property, plant and equipment	699	520	863	10	67	20	–	2,179
Intangible assets	4	52	3	–	1	–	–	59
Non-current receivables from non-exchange transactions	667	228	129	19	46	9	–	1,045
Non-current receivables from exchange transactions	–	–	–	–	–	–	–	–
Investments in associated entities and joint ventures	198	41	8	–	–	–	–	246
Non-current financial assets and loans	7	9	2	–	1	–	60	72
Co-financing	41	62	–	–	6	–	–	109
Total non-current assets	**1,615**	**912**	**1,004**	**30**	**120**	**29**	**60**	**3,709**
TOTAL ASSETS	**3,060**	**1,853**	**1,251**	**136**	**298**	**121**	**109**	**6,757**
LIABILITIES								
Current liabilities	85	54	24	6	7	2	1	171
Current financial liabilities	–	16	–	–	–	–	–	17
Accrued expenses and deferred income	107	57	18	3	7	2	–	194
Short-term provisions	42	27	15	6	7	3	1	99
Short-term liabilities	**234**	**154**	**57**	**14**	**21**	**7**	**2**	**480**
Dedicated third-party funds	783	548	128	61	97	23	–	1,641
Non-current financial liabilities	17	371	–	–	–	–	54	382
Net defined benefit liabilities	152	87	45	11	18	6	2	320
Long-term provisions	27	15	551	3	4	2	–	603
Long-term liabilities	**980**	**1,021**	**725**	**75**	**119**	**31**	**56**	**2,947**
Total liabilities	**1,213**	**1,175**	**782**	**90**	**140**	**38**	**58**	**3,427**
EQUITY								
Valuation reserves	337	207	86	26	42	19	5	721
Reserves from associated entities	198	41	8	–	–	–	–	246
Donations, grants, co-financing	747	162	25	–	9	2	2	948
Other equity**	565	267	351	20	106	62	44	1,415
Total equity	**1,847**	**677**	**469**	**46**	**158**	**83**	**51**	**3,330**
TOTAL LIABILITIES AND EQUITY	**3,060**	**1,853**	**1,251**	**136**	**298**	**121**	**109**	**6,757**

* Including consolidation entries (Current assets: –CHF 9m, Non-current assets: –CHF 60m, Liabilities: –CHF 69m)
** Details on the other equity of the ETH Domain can be found in the statement of changes in equity. Details for the individual segments are available in their published financial statements.

Table 13: Balance sheet as of 31 December 2021 by segments

	31.12.2021							
CHF millions	ETH Zurich	EPFL	PSI	WSL	Empa	Eawag	ETH Board	ETH Domain*
CURRENT ASSETS								
Cash and cash equivalents	821	629	142	40	106	51	72	1,862
Current receivables from non-exchange transactions	315	211	50	22	36	6	–	637
Current receivables from exchange transactions	32	17	24	1	3	1	–	73
Current financial assets and loans	355	17	–	42	46	28	–	488
Inventories	7	3	3	–	–	–	–	12
Prepaid expenses and accrued income	36	17	12	–	1	2	–	70
Total current assets	**1,566**	**893**	**232**	**106**	**192**	**89**	**72**	**3,143**
NON-CURRENT ASSETS								
Property, plant and equipment	660	392	881	10	67	21	–	2,032
Intangible assets	4	54	2	–	–	–	–	60
Non-current receivables from non-exchange transactions	631	214	111	20	42	7	–	979
Non-current receivables from exchange transactions	–	–	–	–	–	–	–	–
Investments in associated entities and joint ventures	230	34	7	–	–	–	–	271
Non-current financial assets and loans	7	8	2	–	1	–	52	64
Co-financing	43	64	–	–	6	–	–	114
Total non-current assets	**1,574**	**766**	**1,003**	**30**	**116**	**28**	**52**	**3,518**
TOTAL ASSETS	**3,140**	**1,659**	**1,235**	**136**	**309**	**117**	**124**	**6,661**
LIABILITIES								
Current liabilities	91	54	17	5	4	2	1	168
Current financial liabilities	–	14	–	–	–	–	–	14
Accrued expenses and deferred income	100	45	22	3	7	2	–	179
Short-term provisions	45	29	15	5	7	3	1	105
Short-term liabilities	**237**	**142**	**54**	**13**	**17**	**8**	**2**	**466**
Dedicated third-party funds	793	521	125	57	90	18	–	1,605
Non-current financial liabilities	19	314	–	–	–	–	46	327
Net defined benefit liabilities	286	165	83	23	39	15	4	615
Long-term provisions	25	15	554	3	4	2	–	604
Long-term liabilities	**1,123**	**1,016**	**762**	**83**	**133**	**35**	**50**	**3,150**
Total liabilities	**1,361**	**1,157**	**816**	**96**	**150**	**42**	**52**	**3,616**
EQUITY								
Valuation reserves	202	128	47	14	20	11	2	424
Reserves from associated entities	230	34	7	–	–	–	–	271
Donations, grants, co-financing	757	161	24	–	7	2	2	953
Other equity**	591	179	341	26	131	62	67	1,397
Total equity	**1,780**	**502**	**419**	**40**	**158**	**75**	**71**	**3,045**
TOTAL LIABILITIES AND EQUITY	**3,140**	**1,659**	**1,235**	**136**	**309**	**117**	**124**	**6,661**

* Including consolidation entries (Current assets: –CHF 7m, Non-current assets: –CHF 52m, Liabilities: –CHF 58m)

** Details on the other equity of the ETH Domain can be found in the statement of changes in equity. Details for the individual segments are available in their published financial statements.

Cash flow statement by segments

Table 14: Cash flow statement 2022 by segments

	2022							
CHF millions	ETH Zurich	EPFL	PSI	WSL	Empa	Eawag	ETH Board	ETH Domain*
CASH FLOWS FROM OPERATING ACTIVITIES								
Surplus (+) or deficit (–)	**–73**	**93**	**10**	**–6**	**–22**	**–1**	**–23**	**–21**
Depreciation	103	47	75	2	13	4	–	243
Share of surplus/deficit of associated entities and joint ventures	33	–7	–1	–	–	–	–	25
Net finance income/expense (non-cash)	30	–21	–	–	–	–	–	10
Increase/decrease in net working capital	31	4	14	–2	2	–4	–	45
Increase/decrease in net defined benefit liabilities	5	2	1	–	–	–	–	10
Increase/decrease in provisions	–1	–2	–4	1	–	–	–	–6
Increase/decrease in non-current receivables	–32	–14	–18	–	–4	–2	–	–62
Increase/decrease in dedicated third-party funds	–10	27	3	4	7	4	–	36
Reclassification and other (non-cash) income	–21	–6	–	–	–	–	–	–27
Cash flows from operating activities	**64**	**123**	**81**	**–1**	**–3**	**2**	**–23**	**252**
CASH FLOWS FROM INVESTING ACTIVITIES								
Investments								
Purchase of property, plant and equipment	–119	–79	–56	–2	–13	–3	–	–272
Purchase of intangible assets	–2	–2	–2	–	–	–	–	–5
Increase in co-financing	–	–	–	–	–	–	–	–
Increase in loans	–	–	–	–	–	–	–	–
Increase in current and non-current financial assets	–728	–505	–	–	–11	–	–11	–1,256
Total investments	**–850**	**–586**	**–57**	**–2**	**–25**	**–3**	**–11**	**–1,533**
Divestments								
Disposal of property, plant and equipment	–	–	–	–	–	–	–	1
Disposal of intangible assets	–	–	–	–	–	–	–	–
Decrease in co-financing	–	–	–	–	–	–	–	–
Decrease in loans	–	–	–	–	–	–	–	–
Decrease in current and non-current financial assets	156	–	–	2	1	–	3	162
Total divestments	**156**	**1**	**–**	**2**	**1**	**–**	**3**	**163**
Dividends received from associated entities and Joint Ventures	–	–	1	–	–	–	–	1
Cash flows from investing activities	**–693**	**–585**	**–56**	**–**	**–24**	**–3**	**–8**	**–1,369**
CASH FLOWS FROM FINANCING ACTIVITIES								
Increase in short-term and long-term financial liabilities	–	8	–	–	–	–	11	8
Decrease in short-term and long-term financial liabilities	–1	–9	–	–	–	–	–3	–11
Cash flows from financing activities	**–1**	**–1**	**–**	**–**	**–**	**–**	**8**	**–2**
Total cash flow	**–631**	**–463**	**25**	**–1**	**–26**	**–1**	**–23**	**–1,120**

Continuation of Table 14: Cash flow statement 2022 by segments

	2022							
CHF millions	ETH Zurich	EPFL	PSI	WSL	Empa	Eawag	ETH Board	ETH Domain*
Cash and cash equivalents at the beginning of the period	**821**	**629**	**142**	**40**	**106**	**51**	**72**	**1,862**
Total cash flow	**−631**	**−463**	**25**	**−1**	**−26**	**−1**	**−23**	**−1,120**
Cash and cash equivalents at the end of the period	**191**	**166**	**167**	**40**	**79**	**51**	**49**	**742**
Net effect of currency translation on cash and cash equivalents	–	–	–	–	–	–	–	–
Contained in the cash flows from operating activities:								
Dividends received	5	–	–	–	–	–	–	5
Interest received	3	2	–	–	–	–	–	7
Interest paid	−1	−7	–	–	–	–	–	−8

* Including consolidation entries (Increase/decrease in non-current receivables: CHF 8m, Cash flows from financing activities: −CHF 8m)

Table 15: Cash flow statement 2021 by segments

CHF millions	ETH Zurich	EPFL	PSI	WSL	Empa	Eawag	ETH Board	ETH Domain*
	2021							
CASH FLOWS FROM OPERATING ACTIVITIES								
Surplus (+) or deficit (–)	**94**	**46**	**10**	**–3**	**5**	**1**	**–42**	**110**
Depreciation	101	78	69	2	13	4	–	266
Share of surplus/deficit of associated entities and joint ventures	–27	–	–1	–	–	–	–	–28
Net finance income/expense (non-cash)	–30	–1	–	–	–	–	–	–31
Increase/decrease in net working capital	–20	–4	–10	–2	–1	–2	–	–40
Increase/decrease in net defined benefit liabilities	–13	–7	–2	–1	–2	–	–	–24
Increase/decrease in provisions	–5	–3	–1	–	–	–	–	–9
Increase/decrease in non-current receivables	20	11	–22	3	–22	–2	–	–4
Increase/decrease in dedicated third-party funds	–22	–27	18	–1	26	2	–	–5
Reclassification and other (non-cash) income	–34	–3	1	–	–1	–	–	–37
Cash flows from operating activities	**65**	**91**	**60**	**–2**	**17**	**2**	**–42**	**198**
CASH FLOWS FROM INVESTING ACTIVITIES								
Investments								
Purchase of property, plant and equipment	–154	–70	–43	–2	–17	–3	–	–289
Purchase of intangible assets	–2	–1	–1	–	–	–	–	–4
Increase in co-financing	–	–	–	–	–	–	–	–
Increase in loans	–	–	–	–	–	–	–	–
Increase in current and non-current financial assets	–28	–1	–	–5	–6	–3	–11	–54
Total investments	**–184**	**–72**	**–44**	**–7**	**–23**	**–6**	**–11**	**–348**
Divestments								
Disposal of property, plant and equipment	–	–	1	–	–	–	–	1
Disposal of intangible assets	–	–	–	–	–	–	–	–
Decrease in co-financing	–	–	–	–	–	–	–	–
Decrease in loans	–	–	–	–	–	–	–	1
Decrease in current and non-current financial assets	27	1	21	–	–	–	3	52
Total divestments	**27**	**1**	**21**	**–**	**–**	**–**	**3**	**53**
Dividends received from associated entities and Joint Ventures	–	–	1	–	–	–	–	1
Cash flows from investing activities	**–157**	**–71**	**–22**	**–7**	**–23**	**–6**	**–8**	**–295**
CASH FLOWS FROM FINANCING ACTIVITIES								
Increase in short-term and long-term financial liabilities	–	–	–	–	–	–	11	–
Decrease in short-term and long-term financial liabilities	–	–9	–	–	–	–	–3	–10
Cash flows from financing activities	**–**	**–9**	**–**	**–**	**–**	**–**	**8**	**–10**
Total cash flow	**–93**	**11**	**38**	**–9**	**–6**	**–4**	**–42**	**–106**

Continuation of Table 15: Cash flow statement 2021 by segments

CHF millions	2021							
	ETH Zurich	EPFL	PSI	WSL	Empa	Eawag	ETH Board	ETH Domain*
Cash and cash equivalents at the beginning of the period	**914**	**619**	**105**	**49**	**112**	**55**	**114**	**1,968**
Total cash flow	**−93**	**11**	**38**	**−9**	**−6**	**−4**	**−42**	**−106**
Cash and cash equivalents at the end of the period	**821**	**629**	**142**	**40**	**106**	**51**	**72**	**1,862**
Net effect of currency translation on cash and cash equivalents	–	–	–	–	–	–	–	–
Contained in the cash flows from operating activities:								
Dividends received	5	–	–	–	–	–	–	5
Interest received	–	–	–	–	–	–	–	–
Interest paid	−1	−7	–	–	–	–	–	−8

* Including consolidation entries (Increase/decrease in non-current receivables: CHF 8m, Cash flows from financing activities: −CHF 8m)

7 Total federal contribution

Federal financial contribution

Table 16: Federal financial contribution

CHF millions	2022	2021	Change absolute
Federal financial contribution	**2,441**	**2,373**	**68**

The available funds from the approved expenditure ceiling of the ETH Domain for the years 2021–2024 are processed via the two credit items “federal financial contribution” and “investment credit for ETH Domain buildings”. While the former is assigned to the Federal Department of Economic Affairs, Education and Research (EAER), the investment credit is allocated by the Federal Department of Finance (FDF) (AU 620 FOBL).

The consolidated financial statements of the ETH Domain only include the funds from the financial contribution credit that are used by the ETH Domain for the strategic objectives set by the Swiss Federal Council with ERI Dispatch for 2021–2024 (FCD dated 21 April 2021).

The financial contribution increased by CHF 68m or 3% compared to 2021. In 2022, funds in the amount of CHF 21m were shifted from the financial contribution to investment credit after no credit reallocation had taken place in 2021.

The financial contribution to the institutions of the ETH Domain were as follows:
- the **base budget** of CHF 2,309m (2021: CHF 2,246m) and
- the **strategic funds for projects in teaching and research** of CHF 146m (2021: CHF 167m) as well as
- the savings contribution for the financing of the **dismantling of the accelerator facilities** (CHF 11m).

The ETH Board decided to use funds from its reserves in an amount of CHF 25m (2021: CHF 51m) in order to finance the expenditure surplus budget.

The **strategic funds for projects in teaching and research** were comprised as follows:
- the strategic focus areas in research: “Personalized Health and Related Technologies”, “Advanced Manufacturing” and “Data Science” in the amount of CHF 29m (2021: CHF 36m)
- the major research infrastructures in accordance with Objective 3 of the strategic objectives:
  - CHF 23m for the upgrade of the “Sustained scientific user lab for simulation-based science” at the CSCS in Lugano of ETH Zurich (HPCN-24) (2021: CHF 23m);
  - CHF 22m for the continuation of the “Blue Brain Project” at EPFL (2021: CHF 22m);
  - CHF 35m for the upgrade of the Swiss Light Source at the PSI (SLS 2.0) (2021: CHF 25m)
  - CHF 7m for the development of the Catalysis Hub SwissCat+ for the research of catalytic processes of ETH Zurich and EPFL (2021: CHF 12m)
- CHF 8m for the Empa Site Masterplan (new campus facility) (2021: CHF 8m)
- CHF 8m for the Open Research Data (ORD) project (2021: six strategic cooperation projects totalling CHF 22m)
- a total of CHF 15m for incentive and seed capital funding for strategic proposals for teaching and research (2021: CHF 19m).

The Federal Government **is financing the dismantling of the accelerator facilities** and the disposal of radioactive components at the PSI. In the reporting period, the provisions established by the PSI (for activities up to and including deep geological disposal) totalled CHF 536m based on the cost estimate of the Federal Government from 2018. The annual savings contribution remained at CHF 11m (see Note 27 Provisions).

Federal contribution to accommodation

Table 17: Federal contribution to accommodation for the ETH Domain

CHF millions	2022	2021	Change absolute
Federal contribution to accommodation	**202**	**230**	**−29**

The federal contribution to accommodation is used to cover the expenses for the rental of real estate owned by the government. The credit is not part of the credits taking into account the expenditure ceiling of the ETH Domain. There is no cash flow. The calculations are based on the depreciation and capital costs for state-owned real estate.

The credit is considered as an expense in the EAER and as a revenue in the Federal Office for Buildings and Logistics (FOBL).

The interest was reduced relative to the previous year. The underlying imputed rate of return on average capital invested was 1.0% (previous year: 1.25%).

8 Tuition fees, continuing education

Table 18: Tuition fees, continuing education

CHF millions	2022	2021	Change absolute
Tuition fees, continuing education	**58**	**56**	**2**

Tuition fees and attendance fees for studies and continuing education programmes as well as other fees are regulated in the Ordinance of the ETH Board on Fees in the Domain of Federal Institutes of Technology (SR 414.131.7 of 31 May 1995; as amended on 1 January 2023).

The item Tuition fees, continuing education contains all revenue received by the ETH Domain for its educational services. In the reporting period, CHF 36m (2021: CHF 36m) was attributable to ETH Zurich, CHF 19m (2021: CHF 18m) to EPFL and CHF 2m (2021: CHF 2m) to the PSI.

Revenue from tuition fees for Bachelor's and Master's programmes amounted to CHF 38m (ETH Zurich CHF 24m; EPFL CHF 14m) in the reporting period and CHF 36m in the previous year. The increase of CHF 2m relative to 2021 is related to the growth in the number of students. The number of Bachelor's and Master's students rose compared to 2021, as did the number of doctoral students (see Annual Report, Fig. 5: Students and doctoral students by academic level, p. 93).

Revenue from the PSI came from the PSI training centre, consisting of the school of radiation protection and the PSI academy.

The total revenue also includes administration fees, in particular registration and examination fees or fees for the use of the libraries. They amount to CHF 5m in the reporting period (2021: CHF 5m).

Tuition fees and revenue from continuing education at both ETH Zurich and EPFL equate to 2% of the respective operating revenue in 2022.

9 Research contributions, mandates and scientific services

Revenue from research contributions, mandates and scientific services increased in 2022 by CHF 8m (+1%) to CHF 795m. This includes the contributions from transitional measures of the State Secretariat for Education, Research and Innovation (SERI) due to the non-association of Switzerland in the Framework Programme for Research and Innovation "Horizon Europe", which increased by CHF 17m to CHF 18m in the reporting period. The presentation of the statement of financial performance has been adjusted to show the transitional measures of the Federal Government. The individual revenue categories developed differently in the reporting period. While revenue from Innosuisse funding and other project-oriented third-party funding increased by 7% and 11%, respectively, revenue from EU research framework programmes declined (–4%). The other revenue categories were in line with the previous year.

Of the total revenue volume, CHF 637m or 80% was attributable to **non-exchange transactions** (IPSAS 23), generally research grants, and CHF 159m or 20% to **exchange transactions** (IPSAS 9), generally contract research and scientific services. The two shares have not changed over the years.

Table 19: Research contributions, mandates and scientific services

CHF millions	2022	of which revenues (IPSAS 23)	of which revenues (IPSAS 9)	2021	of which revenues (IPSAS 23)	of which revenues (IPSAS 9)	Change absolute
Swiss National Science Foundation (SNSF)	268	268	–	268	268	–	1
Swiss Innovation Agency (Innosuisse)	44	44	–	41	41	–	3
Special federal funding of applied research	87	56	31	87	47	40	–
EU Framework Programmes for Research and Innovation (EU FPs)	154	154	–	160	160	–	–6
Industry-oriented research (private sector)	136	50	86	136	49	87	–
Other project-oriented third-party funding (incl. cantons, municipalities, international organisations)	105	64	42	95	63	32	10
Total research contributions, mandates and scientific services	**795**	**637**	**159**	**788**	**628**	**160**	**8**

Table 20: Regular research funding and transitional measures of the Confederation

CHF millions	2022	thereof regular research funding	thereof transitional measures Confeder-ation
Swiss National Science Foundation (SNSF)	268	267	1
Swiss Innovation Agency (Innosuisse)	44	44	–
EU Framework Programmes for Research and Innovation (EU FPs)	154	137	17
Total regular research funding/transitional measures Confederation		**449**	**18**

The trend in the individual categories is as follows:

The project revenue from the **Swiss National Science Foundation** (SNSF) remained at the high level of the previous year at CHF 268m. This includes transitional measures of CHF 1m. Around 86% of the revenue was once again allocated to the two Federal Institutes of Technology (ETH Zurich: CHF 134m; EPFL: CHF 96m).

ETH Zurich once again recognised the highest shares of projects funded by **Innosuisse** (2022: CHF 20m; 2021: CHF 18m), followed by Empa (2022: CHF 12m; 2021: CHF 10m) and EPFL (2022: CHF 11m; 2021: CHF 11m).

The **special federal funding of applied research** remained at the same level in the reporting period as seen in the previous year at CHF 87m. The highest revenue was once again recorded by ETH Zurich (CHF 33m), EPFL (CHF 18m), WSL (CHF 13m) and the PSI (CHF 11m). The increase of CHF 2m at EPFL can be attributed to greater income from the donor SERI for the Square Kilometer Array project. In contrast, revenue from research mandates of the Federal Government declined at ETH Zurich by CHF 3m relative to the previous year due to the lower project progress.

The high level of implementation with respect to the **EU Framework Programmes for Research and Innovation** (EU FPs) seen in the previous year could not be maintained in 2022 despite transitional measures in the amount of CHF 17m (2022: CHF 154m; 2021: CHF 160m). ETH Zurich and EPFL each recorded a decrease of –CHF 3m. In the case of ETH Zurich, this reflects the lower project progress relative to the previous year. EPFL was impacted by the lower number of active projects (189 vs. 249). The sharpest decline was recorded in connection with Horizon 2020 projects. The transitional measures set up by the Federal Government for Horizon Europe and the progress made with ERC Grants projects were unable to offset this decline.

Revenue from **cooperation with the private sector** once again reached CHF 136m in 2022. ETH Zurich recorded an increase of CHF 5m due to higher project progress. At the PSI, declining revenue was offset in part by greater revenue in other research categories, resulting in an overall decrease of –CHF 5m. In the other units, revenue remained at the prior-year level. Research projects which are mainly based on projects with exchange transactions (IPSAS 9) have proved to be volatile in a long-term comparison with corresponding fluctuations in revenue.

The **other project-oriented third-party funding** comprises contributions from the cooperation with cantons, municipalities, public-law institutions and international organisations. These increased relative to the previous year by 11% to CHF 105m. All institutions contributed to this increase. The largest increase in absolute terms was recorded by ETH Zurich with +CHF 6m due to greater project progress, followed by WSL (+CHF 2m) and EPFL (+CHF 2m). The increase at WSL is chiefly attributable to the new CERC research centre in Davos, which was launched with the Canton of Graubünden.

Information on receivables from non-exchange transactions and their development, as well as on dedicated third-party funding in connection with the projects financed by the relevant third-party funding category, can be found in Notes 17 and 29.

10 Donations and bequests

Table 21: Donations and bequests

CHF millions	2022	2021	Change absolute
Donations and bequests	**138**	**122**	**16**

In the reporting year, more new contracts were signed than in the previous year, leading to an increase in donations and bequests relative to 2021. ETH Zurich recorded an increase in revenue from donations (excluding donated rights and goods in-kind) from CHF 85m in the previous year to a current figure of CHF 103m. At EPFL, revenue from donations and bequests (excluding donated rights and goods in-kind) of CHF 28m was slightly down on the previous year (2021: CHF 29m). Donations and bequests at Empa increased relative to the previous year from CHF 0.4m to CHF 2.4m, primarily due to the future fund.

Table 22: In-kind contributions

CHF millions	2022	2021	Change absolute
Goods in-kind	–	–	–
Donated rights	6	8	–1
Total in-kind contributions recognised as revenue	**7**	**8**	**–1**
Services in-kind	–	–	–
Total in-kind contributions not recognised as revenue	**–**	**–**	**–**
Total in-kind contributions received	**7**	**8**	**–1**

As in the previous year, CHF 4m of the revenue from in-kind contributions of CHF 6m arising from the donated rights originates from EPFL for the use of the "Microcity" building in Neuchâtel as well as "Industry 17" in Sion. ETH Zurich recognised a further CHF 3m (previous year: CHF 4m) as revenue, also primarily from donated rights.

11 Other revenue

Table 23: Other revenue

CHF millions	2022	2021	Change absolute
Licences and patents	9	7	2
Sales	10	13	−3
Refunds	3	2	1
Other services	55	46	9
Real estate revenue	37	36	2
Return subject to levy according to the ordinance on the Finance and Accounting of the ETH Domain	4	1	3
Profit from disposals (property, plant and equipment)	–	–	–
Own work capitalised	4	3	1
Other miscellaneous revenue	23	19	4
Total other revenue	**146**	**127**	**19**

The increase in other revenue in the reporting year is primarily attributable to the rise in other services (+CHF 9m) and other miscellaneous revenue (+CHF 4m). In terms of other services, the PSI, in particular, achieved an increase in revenue of around CHF 4m – on the one hand, due to a renewed increase in patient revenue from proton therapy and medical services due to the lifting of the coronavirus restrictions and, on the other, due to higher charges for the dismantling of nuclear installations. The SwissTech Convention Center, which is part of Société du Quartier Nord de l'EPFL (SQNE), was able to significantly increase its service revenue following the pandemic-hit year of 2021. The marked increase in events led to a doubling of revenue at SQNE (+CHF 3m) and an increase in revenue of around CHF 1m at EPFL relative to the previous year.

The increase in other miscellaneous revenue is due to the fact that, following the pandemic-hit year of 2021, revenue from catering operations as well as from events and conferences increased once more, with this primarily being the case at the PSI.

The decrease in sales of −CHF 3m relative to 2021 can be attributed to a reclassification of the revenue from the sale of thermal energy at ETH Zurich. This revenue is now reported under return subject to levy according to the Ordinance on Finance and Accounting of the ETH Domain (+CHF 3m). In addition to revenue from real estate owned by the Federal Government left for use, the return subject to levy according to the Ordinance on Finance and Accounting of the ETH Domain for the first time contains revenue from energy sales (addition of Art. 2b in the Ordinance on Finance and Accounting of the ETH Domain from 1 January 2022). Revenue from energy sales totals CHF 3m, while revenue from real estate owned by the Federal Government left for use amounts to CHF 1m. Details of the charges paid can be found under other operating expenses in Note 13.

Around CHF 35m (previous year: CHF 30m) of the other revenue is again attributable to the sub-consolidated EPFL entities, in particular EPFL Innovation Park Foundation (FEIP), Société du Quartier Nord de l'EPFL (SQNE) and Société du Quartier de l'Innovation (SQIE).

12 Personnel expenses

Table 24: Personnel expenses

CHF millions	2022	2021	Change absolute
Professors	221	218	3
Scientific personnel	995	982	14
Technical and administrative personnel, apprentices, trainees	843	825	18
IC, Suva and other refunds	−12	−11	−1
Total salaries and wages	**2,048**	**2,014**	**34**
Social insurances OASI/DI/IC/MB	132	130	2
Net pension costs	255	221	34
Accident and sickness insurance Suva (BU/NBU/KTG)	7	8	−1
Employer’s contribution to Family Compensation Fund (FAK/FamZG)	32	31	1
Total social insurance schemes and pension expenses	**426**	**390**	**36**
Other employer contributions	–	–	–
Temporary personnel	8	7	1
Change in provisions for untaken leave and overtime	−3	−2	−2
Change in provisions for contributions to long-service awards	1	−3	4
Other personnel expenses	22	19	3
Total personnel expenses	**2,503**	**2,426**	**77**

The average number of full-time equivalents (FTEs) (excluding apprentices) for the ETH Domain was 20,117 in the reporting period (previous year: 19,867 FTEs) and increased by 1%.*

Total salaries and wages rose due to this growth in jobs and on account of the compensation measures decided upon by the ETH Board in line with the Federal Government for 2022 (inflation adjustment of 0.5% [previous year: no inflation adjustment]). Furthermore, 1.2% the total salary payments was at the disposal of employees under the Salary System (SS) for individual salary adjustments (on the basis of performance and experience).

The increase in the actuarially calculated net pension costs at CHF 34m accounted for almost half of the rise in total personnel expenses. Detailed information on the net pension costs can be found in Note 28 Net defined benefit liabilities.

Explanations on the changes in provisions are provided in Note 27 Provisions.

* The Annual Report does not show the annual average value but the year-end figure. This is 20,678.2 FTEs (including apprentices). The figure in the annual report also excludes the FTEs of the controlled entities.

13 Other operating expenses

Table 25: Other operating expenses

CHF millions	2022	2021	Change absolute
Expenses for goods and materials	154	159	−5
Premises costs	327	333	−6
Energy costs	75	68	7
IT expenses	110	104	6
Expenses for consultations, appraisals and guest lecturers	92	79	12
Library expenses	29	30	−1
Other operating costs	157	120	38
Total other operating expenses	**944**	**893**	**51**

The decline in expenses for goods and materials is the net result of an increase in material expenditure and a decrease in non-capitalisable material assets. The increase in material expenditure, including for biological preparations, laboratory goods and laboratory equipment, is partly due to an increase in prices. The decline in expenditure for non-capitalisable material assets, which was particularly significant at the PSI, is leading expenditure at this institute to return to the levels seen in 2019 and 2020.

62% (previous year: 69%) of the premises costs comprise the accommodation expenditure for the state-owned real estate used by the institutions of the ETH Domain. This contribution was reduced by CHF 29m (for explanations, see Note 7 Total federal contribution). Expenditure for non-capitalisable user extensions, which are also reported as part of the premises costs, increased by CHF 21m to CHF 48m in the reporting period. The primary reason for the increase is a decline in additional capitalisation, which had reduced expenses in the previous year, in particular, in the course of the completion of large construction projects.

Due to the higher level of business activities and rising energy prices, there was also an increase in energy costs relative to the previous year. Expenses for consultations, appraisals and guest lecturers (2022: CHF 92m; previous year: CHF 79m) also rose due to increased business activities and the rise in travel activities in the reporting period.

Other operating costs mainly include costs for expenses, which rose to CHF 60m due to the increase in travel activities relative to the previous year (2021: CHF 22m), other services for third parties (2022: CHF 30m/2021 CHF 27m) and the maintenance, repair and upkeep of movable assets (2022: CHF 24m/2021: CHF 26m). In the reporting period, expenses approached the level seen prior to the pandemic, but did not yet reach it.

In the reporting period, a charge (CHF 1m; previous year: CHF 1m) was paid to the Federal Government again from the transfer of use of state-owned real estate to third parties (Art. 33a–f of the Ordinance on Finance and Accounting of the ETH Domain). In addition, CHF 3m was paid to the Federal Government for the first time in connection with the sale of energy in accordance with Art. 2b of the Ordinance on Finance and Accounting of the ETH Domain (valid from 1 January 2022). The corresponding revenue totalling CHF 4m is disclosed under other revenue (see Note 11).

14 Transfer expenses

Table 26: Transfer expenses

CHF millions	2022	2021	Change absolute
Scholarships and grants to students and doctoral students	25	22	3
Contributions to research projects	25	21	4
Other transfer expenses	9	13	−3
Total transfer expenses	**60**	**56**	**4**

Transfer expenses are contributions for which no direct payment is invoiced. EPFL (+CHF 2m), in particular, reported an increase in scholarships and grants to students and doctoral students during the reporting period. EPFL increased the contributions in light of the coronavirus pandemic. ETH Zurich and EPFL also supported more research projects than in the previous year.

15 Net finance income/expense

Table 27: Net finance income/expense

CHF millions	2022	2021	Change absolute
FINANCE INCOME			
Interest income	12	3	8
Income from investments	5	6	−1
Changes in fair value of financial assets	4	31	−27
Foreign currency gains	9	9	1
Other finance income	22	–	22
Total finance income	**52**	**49**	**3**
FINANCE EXPENSE			
Interest expense	8	9	–
Other financing costs for provision of capital	–	–	–
Changes in fair value of financial assets	56	4	52
Foreign currency losses	13	9	4
Impairments	–	–	–
Other finance expense	1	1	–
Total finance expense	**79**	**23**	**56**
Total net finance income/expense	**−27**	**26**	**−53**

Developments on the financial markets led to significantly increased finance expenses (see Changes in fair value of financial assets) in the reporting period, which led to a negative financial result overall.

Foreign currency losses slightly exceeded gains, which had a further negative impact on net finance income.

Interest income includes interest from the compounding of receivables in an amount of CHF 5m (previous year: CHF 3m) and CHF 6m in interest income from financial assets placed with the Federal Government (previous year: none).

The increase in other finance income can be explained by the impact of the deactivation of the STCC lease agreement at EPFL, as detailed in Note 21.

Interest expenses mainly comprise interest expenses from finance leases. Further information about finance leases can be found in Note 25 Financial liabilities.

16 Cash and cash equivalents

Table 28: Cash and cash equivalents

CHF millions	31.12.2022	31.12.2021	Change absolute
Cash	1	1	–
Swiss Post	166	88	78
Bank	38	47	–10
Short-term deposits (<90 days)	538	1,726	–1,188
Total cash and cash equivalents	**742**	**1,862**	**–1,120**

All short-term deposits are with the Federal Treasury in accordance with the applicable agreement between the Federal Finance Administration and the ETH Domain on the treasury relationships. The decrease in short-term deposits in the reporting period is due, in particular, to a reallocation. In order to optimise interest income, ETH Zurich (CHF 590m) and EPFL (CHF 503m) as well as some of the research institutes reallocated short-term deposits (< 90 days) to current financial assets (three to twelve months) with the Federal Government.

17 Receivables

Table 29: Receivables

CHF millions	31.12.2022	31.12.2021	Change absolute
RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS			
Receivables from project contracts and donations	1,656	1,605	51
Other receivables	12	11	1
Loss allowance	–1	–	–1
Total receivables from non-exchange transactions	**1,667**	**1,616**	**51**
of which current	622	637	–15
of which non-current	1,045	979	66
RECEIVABLES FROM EXCHANGE TRANSACTIONS			
Trade accounts receivable	71	64	7
Other receivables	1	12	–11
Loss allowance	–1	–3	2
Total receivables from exchange transactions	**72**	**73**	**–2**
of which current	72	73	–2
of which non-current	–	–	–

The **receivables from non-exchange transactions** comprise the remaining amounts from contractually agreed project totals or from granted donations which had not been called or paid by the end of the year. Compared to 2021, credit due from third-party donors grew by CHF 51m. The other receivables from non-exchange transactions essentially included the assets from the settlement with social security institutions. Compared to the previous year, receivables from the SNSF, Innosuisse and special federal funding of applied research as well as from municipalities, cantons and international organisations increased, while they decreased from the EU FPs and the private sector.

Receivables from exchange transactions fell slightly in 2022 to CHF 72m. Trade account receivables increased by CHF 7m to CHF 71m. The decline in other receivables from exchange transactions (–CHF 11m) can primarily be attributed to the fact that a significant invoice from the previous year was settled at ETH Zurich.

Explanations on the value adjustments can be found in Note 30 Financial risk management and additional information about financial instruments.

18 Inventories

Table 30: Inventories

CHF millions	31.12.2022	31.12.2021	Change absolute
Inventories purchased	12	12	–
Inventories self-produced	–	–	–
Total inventories	**12**	**12**	**–**

In general, the ETH Domain does not have considerable inventories or its own products to sell. The inventories consist of recurring stock items such as chemicals, laboratory materials and materials for experiments that are used in teaching and in research. An annual physical inventory is done for stocks with a residual book value of more than CHF 100,000.

19 Prepaid expenses and accrued income

Table 31: Prepaid expenses and accrued income

CHF millions	31.12.2022	31.12.2021	Change absolute
Interest	–	–	–
Prepaid expenses	37	42	–5
Other prepaid expenses and accrued income	23	28	–5
Total prepaid expenses and accrued income	**60**	**70**	**–10**

The largest deferrals for prepaid expenses concerned the library (CHF 8m), rental payments in advance (CHF 8m) and information technology services (CHF 5m).

Other prepaid expenses and accrued income in turn include accrued income in connection with IPSAS 9 transactions (revenue from exchange transactions), which amounted to CHF 15m, in particular.

20 Investments in associated entities and joint ventures

Details about the significant associated entities can be found in the tables below. All associated entities can be found in Note 35 Relationships with controlled and associated entities.

There were no joint ventures in the ETH Domain in the reporting period.

Investments in associated entities changed as follows over the course of the year, as shown in Table 32.

Table 32: Change in associated entities

CHF millions	2022	2021
As of 01.01.	**271**	**242**
Additions	–	–
Disposals	–	–
Dividends	–1	–1
Share of the annual surplus or deficit	–25	28
Share of items directly recognised in equity	1	1
As of 31.12.	**246**	**271**

The summarising financial information about the material associated entities is indicated below. The statements and the amounts shown there were adjusted for the purposes of recognition in accordance with the equity method with simplifications in line with the accounting practices of the ETH Domain.

Table 33: Material associated entities – aggregated financial information

CHF millions	ETH Zurich Foundation*	Albert Lück Foundation	Student Housing Foundation	Fondation Les Bois Chamblard	Fondation Campus Biotech Geneva
31.12.2022					
Reporting date used	31.12.2022	31.12.2021	31.12.2021	31.12.2021	31.12.2022
Current assets	288	1	5	11	8
Non-current assets	344	37	121	15	25
Short-term liabilities*	48	2	2	–	5
Long-term liabilities*	446	23	53	–	3
Revenue**	–7	5	13	–	42
Surplus (+) or deficit (–)	–34	–1	3	–	15
Dividends received from the associated entity	–	–	–	–	–
31.12.2021					
Reporting date used	31.12.2021	31.12.2020	31.12.2020	31.12.2020	31.12.2021
Current assets	339	4	3	11	8
Non-current assets	302	37	121	15	10
Short-term liabilities*	51	4	1	–	5
Long-term liabilities*	419	23	56	–	4
Revenue	10	5	13	–	28
Surplus (+) or deficit (–)	25	–	5	–1	2
Dividends received from the associated entity	–	–	–	–	–

* The short and long-term liabilities of the ETH Zurich Foundation includes capital in the form of dedicated funds and liabilities arising from grants of CHF 48m (short-term, previous year: CHF 51m) and CHF 446m (long-term, previous year: CHF 419m). They are already included in ETH Zurich's equity, where they make up a significant portion of donations, grants, co-financing.

** The revenue of the ETH Zurich Foundation included the revenue-reducing reclassification of a business case from a prior period to the dedicate fund capital (CHF 10m).

Table 34: Aggregated information for individually immaterial associated entities

CHF millions	2022	2021
Revenue	43	41
Tax expense	1	1
Surplus (+) or deficit (–)	6	6

Unrecognised share of losses of associated entities:
There is no unrecognised share of losses of associated entities, either in the reporting period or on a cumulative basis.

21 Property, plant and equipment and intangible assets

Movable assets

Large-scale research plants and equipment, machinery, furnishings, vehicles:

Purchases in this category amounted to CHF 115m in the reporting period (previous year: CHF 109m). At the PSI, investments during 2022 were once again primarily made in the two large-scale research facilities, namely the Swiss Light Source (SLS) (SLS 2.0 project) and SwissFEL (ATHOS beamline). Among other investments, ETH Zurich invested in large-scale facilities in the fields of microscopy and spectrometry. EPFL procured an additional Titan Krios microscope and a high-resolution Raith lithography machine. At Empa, final purchases were made for the "HiLo" unit at the NEST research and innovation building and a scanning electron microscope as well as a low-temperature scanning sample microscope were procured.

The reclassifications of CHF 68m relate to movable assets under construction or recognised advance payments for plants, which were definitely allocated to this asset category in the reporting period and will be depreciated in the future.

The disposals of CHF 83m include scrapped, derecognised or sold assets. Of this figure, CHF 57m relates to EPFL due to the introduction of a new inventory process.

The carrying amount of the accelerator facilities at the PSI amounted to CHF 432m as at 31 December 2022 (previous year: CHF 446m).

Information and communication:

A stronger increase relative to the previous year is also evident in the procurement of IT hardware and communication media (2022: CHF 41m, 2021: CHF 25m). The two universities made a significant contribution to the increase with the purchase of additional high-performance computers (ETH Zurich) and server systems (EPFL).

Table 35: Change in property, plant and equipment and intangible assets in 2022

CHF millions	Large-scale research plants and equipment, machinery, furnishings, vehicles	Information and communi-cation	Advance payments, movable assets under construction	Total movable assets	Property, buildings	Assets under construction	Total immovable assets	Total property, plant and equipment	Total intangible assets
PURCHASE VALUE									
Value as of 01.01.2022	**3,011**	**442**	**150**	**3,603**	**1,013**	**213**	**1,226**	**4,829**	**104**
Additions	115	41	59	215	171	69	240	454	5
Reclassifications	68	3	– 71	–	36	– 36	–	–	–
Disposals	– 83	– 106	– 1	– 190	– 119	– 5	– 124	– 314	–
Value as of 31.12.2022	**3,110**	**380**	**137**	**3,627**	**1,102**	**240**	**1,342**	**4,969**	**109**
ACCUMULATED DEPRECIATION									
Changes from restatement as of 01.01.	–	–	–	–	–2	–	–2	–2	–
Value as of 01.01.2022	**1,982**	**380**	**–**	**2,362**	**433**	**–**	**433**	**2,795**	**44**
Depreciation	168	31	–	200	63	–	63	263	6
Impairments	–	–	–	–	–	–	–	–	–
Reversed impairments	–	–	–	–	–30	–	–30	–31	–
Reclassifications	–	–	–	–	–	–	–	–	–
Disposals value adjustments	– 81	– 106	–	– 188	–50	–	– 50	– 237	–
Value as of 31.12.2022	**2,069**	**305**	**–**	**2,374**	**416**	**–**	**416**	**2,790**	**50**
Balance sheet value as of 31.12.2022	**1,041**	**74**	**137**	**1,253**	**686**	**240**	**926**	**2,179**	**59**
thereof leased assets				–			292	292	–

The disposals (–CHF 106m) relate to scrapped, derecognised or sold assets. Of this figure, CHF 97m relates to EPFL due to the new inventory process.

Advance payments, movable assets under construction:

The additions in this category in the amount of CHF 59m are divided into CHF 49m in investments in movable assets under construction and CHF 10m in advance payments made.

The reclassifications of CHF 71m relate to concluded projects that were allocated to the relevant asset category during the reporting period.

Immovable assets

A strong increase of CHF 171m (2021: CHF 33m) was recorded for property and buildings in the reporting period. This increase primarily stems from the EPFL-controlled entities FEIP and SQNE. SQNE initiated the early reversion of the SwissTech Convention Center (STCC) to the Federal Government by 2026 at the latest for a total sum of CHF 146m financed from EPFL's reserves. As a result, the previous lease agreement was cancelled (reversed impairment of CHF 30m, deactivation of the purchase value of CHF 116m and accumulated depreciation of CHF 48m as well as the derecognition of leasing liabilities of CHF 90m) and the newly concluded agreement was recognised (CHF 146m in property, plant and equipment and leasing liabilities). This led to a positive impact of CHF 52m in the statement of financial performance (reversed impairment of CHF 30m and CHF 22m in other net finance income from the difference between the net book value of the property and the residual value of the leasing liability). The lease term for the Centre de Logement was also extended by 10 years, which increased property, plant and equipment as well as leasing liabilities by CHF 6m each (see also in this regard the explanations in Chapter 4 "Estimate uncertainty and management judgements"). The review of the useful life led to an adjustment of the accumulated depreciation as of 1 January 2022 and had an effect on the accumulated surplus/deficit of CHF 2 million, as well as an effect of CHF 0.2 million on the result 2022.

In 2022, FEIP purchased two plots of land (CHF 6m) to be used for the construction of future buildings for new start-up companies.

Table 36: Change in property, plant and equipment and intangible assets in 2021

CHF millions	Large-scale research plants and equipment, machinery, furnishings, vehicles	Information and communi-cation	Advance payments, movable assets under construction	Total movable assets	Property, buildings	Assets under construction	Total immovable assets	Total property, plant and equipment	Total intangible assets
PURCHASE VALUE									
Value as of 01.01.2021	**2,923**	**451**	**129**	**3,503**	**912**	**203**	**1,115**	**4,618**	**102**
Additions	109	25	74	208	33	88	121	329	5
Reclassifications	47	4	– 52	–	78	– 78	–	–	–
Disposals	– 69	– 38	– 1	– 108	– 10	–	– 10	– 118	– 3
Value as of 31.12.2021	**3,011**	**442**	**150**	**3,603**	**1,013**	**213**	**1,226**	**4,829**	**104**
ACCUMULATED DEPRECIATION									
Value as of 01.01.2021	**1,884**	**384**	**–**	**2,268**	**383**	**–**	**383**	**2,651**	**41**
Depreciation	164	34	–	198	57	–	57	255	6
Impairments	–	–	–	–	–	–	–	–	–
Reversed impairments	–	–	–	–	–	–	–	–	–
Reclassifications	–	–	–	–	–	–	–	–	–
Disposals value adjustments	–66	–38	–	–104	–5	–	–5	–109	–3
Value as of 31.12.2021	**1,982**	**380**	**–**	**2,362**	**435**	**–**	**435**	**2,797**	**44**
Balance sheet value as of 31.12.2021	**1,029**	**61**	**150**	**1,240**	**579**	**213**	**791**	**2,032**	**60**
thereof leased assets				–			187	187	–

Most of the real estate is owned by the Federal Government, meaning it is mainly leasehold improvements that are reported. The additions to leasehold improvements of CHF 12m include, in particular, additional capitalisation of ETH Zurich in the amount of CHF 4m.

Leasehold improvements under construction show additions of CHF 69m in the reporting period. The volume of capitalisation declined by CHF 19m compared to the previous year (CHF 88m). This development was triggered, in particular, by fewer additions with respect to leasehold improvements at ETH Zurich compared to 2021. In the reporting period, leasehold improvements for facilities on leased spaces in three buildings were carried out at FEIP in the amount of CHF 5m.

The property, plant and equipment leased in the amount of CHF 292m relates largely to the SQIE and SQNE entities controlled by EPFL.

Intangible assets
Intangible assets include capitalised licences, patents, rights, software and donated rights. The net carrying amount of CHF 59m consists largely of the rights of use for the Microcity building at EPFL (CHF 48m). The additions in the reporting period relate, in particular, to software acquired by ETH Zurich, EPFL, the PSI and Eawag.

All asset categories are depreciated using the principles described in Note 3. Possible impairments are disclosed separately in Tables 35 and 36.

22 Financial assets and loans

Table 37: Financial assets and loans

CHF millions	31.12.2022	31.12.2021	Change absolute
CURRENT FINANCIAL ASSETS AND LOANS			
Securities, fixed deposits and investment funds	316	369	−53
Positive replacement values	1	–	1
Other financial assets	1,223	119	1,104
Loans	1	1	–
Total current financial assets and loans	**1,540**	**488**	**1,051**
NON-CURRENT FINANCIAL ASSETS AND LOANS			
Securities and fixed deposits	–	–	–
Other financial assets	71	63	8
Loans	1	1	–
Total non-current financial assets and loans	**72**	**64**	**8**

Current financial assets are especially financed with third-party funds that are not used immediately. On the basis of the prevailing treasury relationships agreement between the FFA and the ETH Domain, these funds are placed on the market or with the Federal Government.

The third-party funds placed on the market are managed under asset management mandates with Swiss banks. The reduction in the portfolio of securities, fixed deposits and investment funds can primarily be attributed to the negative performance of the asset management mandates.

Other current financial assets primarily include the short-term deposit accounts with the Federal Government with a total or remaining term at the time of acquisition of three to twelve months. The increase in the portfolio can primarily be attributed to the reallocation – for the purpose of optimising interest income – at the expense of those deposit accounts with a term of less than three months (see Note 16 Cash and cash equivalents). In particular, reallocations of CHF 590m by ETH Zurich and CHF 503m by EPFL took place.

Other non-current financial assets include investments recognised at fair value (CHF 17m) and the non-current Federal Government deposit account (CHF 54m), to which CHF 8m net was allocated. This deposit account is accumulated annually in order to finance the future dismantling of the accelerator plant at the PSI (see Note 27 Provisions). The other investments mainly contain participations in spin-offs with a shareholding of less than 20% in the accounts of ETH Zurich, the ETH Board (on behalf of the ETH Domain; held in trust by EPFL), EPFL and the PSI. They are measured at their fair values.

Almost two-thirds of the current and non-current loans, which totalled CHF 2m, consist of concessionary loans given to students, doctoral students and spin-offs. Loans to students and doctoral students are to be paid back within a year (current) or in instalments within six years of completion of the studies (non-current). There were no significant overdue loans as of 31 December 2022. No significant value adjustments were recognised in respect of loans.

Of the total financial assets at the end of 2022 (CHF 1,611m), CHF 1,276m (2021: CHF 162m) was invested with the Federal Government and CHF 316m (2021: CHF 371m) was placed with financial institutions.

23 Co-financing

Table 38: Co-financing

CHF millions	2022	2021	Change absolute
PURCHASE VALUE			
As of 01.01.	**163**	**163**	**–**
Additions	–	–	–
Disposals	–	–	–
As of 31.12.	**163**	**163**	**–**
ACCUMULATED DEPRECIATION			
As of 01.01.	**49**	**45**	**5**
Depreciation	5	5	–
Disposals	–	–	–
As of 31.12.	**54**	**49**	**5**
Balance sheet value as of 31.12.	**109**	**114**	**–5**

After the depreciation of the co-financing (2022: CHF 5m) a carrying amount of CHF 109m resulted as of the end of 2022.

24 Current liabilities

Table 39: Current liabilities

CHF millions	31.12.2022	31.12.2021	Change absolute
Trade payables	59	63	–4
Liabilities to social insurance institutions	24	28	–4
Other current liabilities	88	76	12
Total current liabilities	**171**	**168**	**3**

The decline in trade payables is primarily due to a decrease at ETH Zurich (–CHF 14m), which was lessened by an increase at the PSI (+CHF 4m) and EPFL (+CHF 4m).

Liabilities to social insurance institutions decreased relative to 2021 due to payments of liabilities to the compensation fund office that were still outstanding in the previous year.

Other current liabilities increased on a year-on-year basis to CHF 88m (2021: CHF 76m). The increase was primarily due to a withholding tax liability to the cantonal tax office. The increase in the portfolio was reduced by current accounts with third parties, which fell from CHF 40m in the previous year to CHF 33m. The decline in current accounts with third parties is due to lower financial obligations towards the research partners involved in projects in which institutions of the ETH Domain are the leading houses.

25 Financial liabilities

Table 40: Current and non-current financial liabilities – Summary

CHF millions	31.12.2022	31.12.2021	Change absolute
CURRENT FINANCIAL LIABILITIES			
Liabilities to financial institutes	–	–	–
Finance lease liabilities	11	9	1
Negative replacement values	–	–	–
Other financial liabilities	6	5	1
Total current financial liabilities	**17**	**14**	**2**
NON-CURRENT FINANCIAL LIABILITIES			
Finance lease liabilities	309	258	51
Other financial liabilities	73	69	4
Total non-current financial liabilities	**382**	**327**	**55**

Table 41: Current and non-current financial liabilities – Change

	2022			2,021		
CHF millions	Current	Non-current	Total	Current	Non-current	Total
Financial liabilities as of 01.01.	**14**	**327**	**341**	**19**	**335**	**353**
Increase in short-term and long-term financial liabilities	–	8	8	–	–	–
Decrease in short-term and long-term financial liabilities	–10	–1	–11	–9	–	–10
Total cash transactions	**–10**	**7**	**–2**	**–9**	**–**	**–10**
Changes in fair values	–	–	–	–	–	–
Reclassifications	15	–15	–	8	–8	–
Other changes	–2	62	60	–2	–	–2
Total non-cash transactions	**12**	**48**	**60**	**5**	**–8**	**–3**
Financial liabilities as of 31.12.	**17**	**382**	**398**	**14**	**327**	**341**

The finance lease liabilities decrease by the proportion of the annual lease payments paid back. Other financial liabilities include the payment commitment for the right of use received by EPFL in connection with the Microcity building, which was recognised as a finance lease (CHF 48m, previous year: CHF 51m). The annual decrease corresponds to a service received periodically and is recognised as non-cash revenue from donations.

Table 42: Finance leases

CHF millions	Future minimum leasing payments	Future financial expenses	Present value of future minimum leasing payments	Future minimum leasing payments	Future financial expenses	Present value of future minimum leasing payments
	2022	2022	2022	2021	2021	2021
Due dates						
Due within 1 year	18	8	11	17	8	9
Due within 1 to 5 years	201	38	163	68	28	41
Due after more than 5 years	230	84	146	276	59	217
As of 31.12.	**449**	**130**	**320**	**362**	**95**	**267**

	2022	2021
LEASING EXPENSES		
Contingent lease payments expensed in period	–	–
ADDITIONAL DETAILS		
Future revenue from sublease (from non-cancellable contracts)	32	18

The finance leases at EPFL relate to real estate belonging to the simple partnerships SQIE and SQNE. EPFL has made various assumptions with regard to the recognition of these lease agreements, which are set out in Note 4 Estimate uncertainty and management judgements. In the reporting period, contractual amendments were made to the lease agreement of SQNE. Detailed explanations in this regard can be found in Note 21 "Property, plant and equipment and intangible assets". As at 31 December 2022, the finance lease obligations of SQNE amounted to CHF 216m due to the reassessment of the STCC value and the 10-year extension of the CL lease agreement. The present value of the minimum lease payments at SQIE amounted to CHF 88m at the end of the reporting period (lease term of 30 years). The lease agreements at SQIE and SQNE Centre de Logement both include a clause linking the rent to general price trends (underlying consumer price index). The finance lease for ETH Zurich concerns real estate on the Hönggerberg campus (total present value of future minimum leasing payments is CHF 15m). The building was occupied in September 2015, and the lease will run until 2045. There are no options for extension or purchase. The net rent is indexed at 80% and can be adjusted at the end of each year.

26 Accrued expenses and deferred income

Table 43: Accrued expenses and deferred income

CHF millions	31.12.2022	31.12.2021	Change absolute
Interest	–	–	–
Deferred income	134	130	4
Other accrued expenses and deferred income	60	49	11
Total accrued expenses and deferred income	**194**	**179**	**15**

Deferred income especially includes service agreements and commissioned research from exchange transactions in accordance with IPSAS 9 (2022: CHF 128m; 2021: CHF 123m). Due to the generally higher order volume under IPSAS 9, the amounts received in advance also increased.

Other accrued expenses and deferred income mainly consist of deferrals in connection with withholding taxes and with deferrals of expenses for central procurement for operations, for construction projects or for the purchase of IT equipment. The total is divided between ETH Zurich (CHF 31m), EPFL (CHF 19m), the PSI (CHF 6m), Empa (CHF 3m) and Eawag (CHF 1m).

27 Provisions

Table 44: Provisions – Summary

CHF millions	31.12.2022	31.12.2021	Change absolute
Provisions for untaken leave and overtime	95	99	– 4
Other long-term employee benefits (IPSAS 39)	62	61	1
Dismantling	544	547	– 4
Guarantees and warranties	–	–	–
Litigations	1	1	–
Other provisions	1	2	–
Total provisions	**703**	**709**	**– 6**

Provisions for untaken leave and overtime are calculated on the basis of the actual hourly balances per employee. This employees' credit is classified as current. This provision was reduced by CHF 4m in the reporting period. Of this figure, CHF 2m relates to ETH Zurich and EPFL.

Other long-term employee benefits (IPSAS 39) include the acquired long-service awards/ jubilee, which are measured by independent actuaries using the projected unit credit method. The creation and appropriation of this provision are to be recognised separately.

The amount for dismantling includes CHF 536m (2021: CHF 540m) for the dismantling of the accelerator facilities and the disposal of radioactive waste at the PSI (see explanations in Note 4 Estimate uncertainty and management judgements). In the reporting period, the PSI used CHF 4m (previous year: CHF 2m) for initial measures relating to dismantling. The annual addition to the deposit account with the Federal Government, earmarked for financing these costs, amounts to CHF 11m. The PSI also has provisions of almost CHF 4m each for the dismantling of Gantry 3 (radiotherapy facility) and the SwissFEL.

Table 45: Provisions – Change 2022

CHF millions	Provisions for untaken leave and overtime	Other long-term employee benefits (IPSAS 39)	Dismantling	Guarantees and warranties	Litigations	Other provisions	Total provisions
Value as of 01.01.2022	**99**	**61**	**547**	**–**	**1**	**2**	**709**
Additions to provisions	1	9	–	–	1	–	11
Reversal	– 4	–	–	–	–	–	– 5
Use of provisions	–	– 8	– 4	–	– 1	–	– 12
Reclassifications	–	–	–	–	–	–	–
Increase in present value	–	–	–	–	–	–	–
Value as of 31.12.2022	**95**	**62**	**544**	**–**	**1**	**1**	**703**
of which current	95	–	4	–	1	–	99
of which non-current	–	62	540	–	–	1	603

Table 46: Provisions – Change 2021

CHF millions	Provisions for untaken leave and overtime	Other long-term employee benefits (IPSAS 39)	Dismantling	Guarantees and warranties	Litigations	Other provisions	Total provisions
Value as of 01.01.2021	**101**	**64**	**549**	**–**	**2**	**2**	**718**
Additions to provisions	2	7	–	–	–	–	10
Reversal	– 4	–	–	–	– 1	–	– 6
Use of provisions	–	– 10	– 2	–	–	–	– 13
Reclassifications	–	–	–	–	–	–	–
Increase in present value	–	–	–	–	–	–	–
Value as of 31.12.2021	**99**	**61**	**547**	**–**	**1**	**2**	**709**
of which current	99	–	4	–	1	2	105
of which non-current	–	61	543	–	–	–	604

28 Defined benefit plans

Most employees and pensioners of the institutions of the ETH Domain, as well as the staff and th§e President of the ETH Board, are insured under the pension scheme the ETH Domain maintains at the collective institution "Swiss Federal Pension Fund PUBLICA" (PUBLICA). There are no other significant pension schemes at the controlled entities, therefore any further statements in the text refer to the pension scheme the ETH Domain maintains at PUBLICA.

Nevertheless, the existing balance for net defined benefit liabilities as of 31 December 2022 includes obligations under other pension plans outside the ETH Domain's pension fund at PUBLICA amounting to significantly less than CHF 1m (previous year: CHF 1m).

Legal framework and responsibilities

Legal requirements

Swiss pension plans must be managed and operated through a legally separate, trustee-administered pension institution. The law prescribes minimum benefits.

Organisation of the pension scheme

PUBLICA is an independent, state-run institution under public law.

The Board of Directors (*Kassenkommission*) is PUBLICA's most senior governing body. In addition to management, it is also responsible for the oversight and supervision of PUBLICA's Executive Board. The Board of Directors has 16 members, eight representing the insured employees and eight representing the employers, from among all the affiliated pension plans. This means that PUBLICA's most senior governing body is made up of an equal number of employee and employer representatives.

Each pension scheme has its own Parity Commission made up of equal numbers of representatives. Among other things, it is involved in concluding the affiliation contract and decides on the appropriation of any surpluses. Each Parity Commission is made up of nine employer representatives and nine employee representatives from the entities.

Insurance plan

In accordance with IPSAS 39, insurance plans are classified as defined benefit plans.

The pension plan is defined in the terms of the ETH Domain pension scheme applicable to employees and professors, which form part of the affiliation contract with PUBLICA. The pension plan provides benefits in excess of the minimum benefits required by law in the event of disability, death, old age and departure; i.e. it is what is known as an "enveloping" plan (obligatory and extra-ordinary benefits).

The employer and employee savings contributions are set as a percentage of the insured salary. A risk premium is charged for death and disability insurance. The administrative costs are paid by the employer.

The old-age pension is calculated from the credit balance in the retirement fund at the retirement date multiplied by the conversion rate specified in the terms. Employees have the option of drawing the retirement benefits as a lump sum. There are pension plans for different groups of insured persons. In addition, employees have the option of making additional savings contributions.

The risk benefits are determined depending on the projected savings capital, which attracts interest, and on the conversion rate.

Investment of assets

Investments are made by PUBLICA collectively for all pension schemes (with the same investment profile).

As PUBLICA's most senior governing body, the Board of Directors bears overall responsibility for asset management. It is responsible for issuing and amending the investment policy and determines the investment strategy. The Investment Committee advises the Board of Directors on investment-related issues and oversees compliance with the investment policy and strategy.

Responsibility for implementing the investment strategy rests with PUBLICA's Asset Management. Asset Management also makes tactical decisions to deviate temporarily from the investment strategy weightings in order to generate added value compared to the existing strategy. Where individual asset classes are built up or reduced over a number of years, a pro rata strategy is calculated so as to enable transactions to be diversified over time.

Risks for the employer

The Parity Commission of the ETH Domain's pension scheme made up of equal numbers of representatives can change the funding system (contributions and future benefits) at any time. The Parity Commission may collect restructuring contributions from the employer if the scheme is underfunded within the meaning of pension law (Article 44 Occupational Pension Ordinance (BVV 2)) and if other measures are without success. If these are used to fund benefits in excess of the statutory minimum, the employer must indicate their agreement with this approach. Risk sharing (risk distribution between insured employees and employer), which was introduced in 2020, will remain unchanged (for details see Note 3 Accounting policies). Based on the level of the discount rate as of 31 December 2022 there was no reduction in the present value of the defined benefit liabilities due to application of the expanded risk-sharing approach.

The definitive regulatory funding ratio for the ETH Domain's pension scheme at PUBLICA, in accordance with the Occupational Pension Ordinance (BVV 2), was 97,2% at the end of 2022 (2021: 109.3%). The definitive economic funding ratio for the ETH Domain's pension scheme at PUBLICA was 96,5% at the end of the year (2021: 96.5%).

Special events

There were no plan amendments, curtailments or settlements to be considered for the ETH Domain's pension plan at PUBLICA.

In the previous reporting period, the decision was taken to reduce the employer's participation in the financing of the bridging pension in accordance with the revised regulation found in the ETH Domain Personnel Ordinance. This adjustment is included as a negative past service cost in the IPSAS 39 measurement.

Table 47: Net defined benefit liabilities/assets

CHF millions	31.12.2022	31.12.2021	Change absolute
Present value of defined benefit obligations	7,717	8,761	−1,044
Less fair value of plan assets	−7,397	−8,147	750
Recognised net defined benefit liabilities (+)/assets (−)	**320**	**615**	**−294**

The overall decrease in net defined benefit liabilities of CHF 294m results from a reduction in the present value of defined benefit obligations and relatively lower reduction in the fair value of plan assets. The increase in the discount rate (31 December 2022: 2.2%/31 December 2021: 0.4%) and experience adjustments essentially led to a reduction in net defined benefit liabilities of CHF 1,451m and CHF 55m, respectively. Compensating for this, assumptions regarding salary development and the projected interest for retirement assets led to an increase in net defined benefit liabilities of CHF 428m. Plan assets decreased by CHF 750m due to the negative return on investments.

Of the total, significantly less than CHF 1m (2021: CHF 1m) of the net defined benefit liabilities relate to pension plans outside the ETH Domain's pension fund at PUBLICA.

Table 48: Net pension costs

CHF millions	2022	2021	Change absolute
Current service cost (employer)	245	225	20
Past service cost	4	−10	14
Gains (−)/losses (+) from plan settlements	–	–	–
Interest expense from defined benefit obligations	35	18	17
Interest income from plan assets	−33	−16	−17
Administrative costs (excl. asset management costs)	4	4	−1
Other	–	–	–
Total Net pension costs incl. interest expense recognised in statement of financial performance	**255**	**221**	**34**

The net pension costs of the ETH Domain for the reporting period total CHF 255m (2021: CHF 221m). Of this figure, significantly less than CHF 1m (2021: CHF 1m) relates to pension plans outside the ETH Domain's pension fund at PUBLICA. Net pension costs are CHF 34m higher than in the previous year. This increase can primarily be attributed to both a higher current service (CHF 20m) and past service cost (CHF 14m). The increase in the current service cost is due to a reduced impact from risk sharing (reduction in the financial shortfall due to higher financial returns in 2021) as well as the expected positive salary development.

The past service cost includes the acquisitions made by professors at ETH Zurich and EPFL. In the previous year, the employer's participation in the financing of the bridging pension was reduced, which led to negative costs.

For the coming financial year, the ETH domain expects employer's contributions of CHF 241m and employees' contributions of CHF 135m.

Table 49: Revaluation recognised in equity

CHF millions	31.12.2022	31.12.2021	Change absolute
Actuarial gains (−) and losses (+)	−1,078	−118	−961
from change in financial assumptions	−1,024	−154	−869
from change in demographic assumptions	–	−247	247
from experience adjustments	−55	283	−338
Return on plan assets excl. interest income (gains (−)/losses (+))	775	−331	1,105
Adjustment to asset ceiling	–	–	–
Other	–	–	–
Revaluation amount recognised in equity	**−304**	**−449**	**145**
Cumulative amount of revaluation recognised in equity (gain (−)/loss (+))	**−721**	**−417**	**−304**

The revaluation amount (remeasurement) recognised in equity in 2022 amounted to a net gain of CHF 304m (2021: CHF 449m). This results in positive valuation reserves of CHF 721m as of 31 December 2022 (2021: CHF 417m). Of this figure, revaluation gains of CHF 5m (2021: CHF 4m) relate to pension plans outside the ETH Domain's pension fund at PUBLICA.
The actuarial gains from changes in financial assumptions essentially result from the increase in the discount rate (CHF 1,451m). They were reduced by the higher interest on retirement savings and the higher expected salary development (actuarial loss of CHF 428m). In addition, experience-based gains increased the revaluation gains recognised in equity by CHF 55m.

The return on plan assets recognised as an expense is attributable to the loss on investments of 9.7% generated compared with the expected return (corresponds to a discount rate of 0.4%).

Table 50: Change in present value of defined benefit obligations

CHF millions	2022	2021
Present value of defined benefit obligations as of 01.01.	**8,761**	**8,866**
Current service cost (employer)	245	225
Interest expense from defined benefit obligations	35	18
Employee contributions	139	135
Benefits paid in (+) and paid out (–)	– 388	– 355
Past service cost	4	–10
Gains (–)/losses (+) from plan settlements	–	–
Actuarial gains (–)/losses (+)	– 1,078	– 118
Other	–	–
Present value of defined benefit obligations as of 31.12.	**7,717**	**8,761**

The weighted average term arising from defined benefit obligations is 12.0 years as of 31 December 2022 (2021: 13.4 years).

Table 51: Change in the fair value of plan assets

CHF millions	2022	2021
Fair value of plan assets as of 01.01.	**8,147**	**7,779**
Interest income from plan assets	33	16
Employer contributions	245	245
Employee contributions	139	135
Benefits paid in (+) and paid out (–)	– 388	– 355
Gains (+)/losses (–) from plan settlements	–	–
Administrative costs (excl. asset management costs)	– 4	– 4
Return on plan assets excl. interest income (gains (+)/losses (–))	– 775	331
Other	–	–
Fair value of plan assets as of 31.12.	**7,397**	**8,147**

Table 52: Transition of net defined benefit liabilities

CHF millions	2022	2021
Net defined benefit liabilities as of 01.01.	**615**	**1,087**
Net pension costs incl. interest expense recognised in statement of financial performance	255	221
Revaluation amount recognised in equity	– 304	– 449
Employer contributions	– 245	– 245
Obligations paid directly by the entity	–	–
Other	–	–
Net defined benefit liabilities (+)/assets (–) as of 31.12.	**320**	**615**

Table 53: Major categories of plan assets (in percentage)

	31.12.2022			31.12.2021		
Percentage	Listed	Not listed	Total	Listed	Not listed	Total
Liquidity	6	–	6	3	–	3
Bonds (in CHF) Confederation	6	–	6	5	–	5
Bonds (in CHF) ex. Confederation	8	–	8	9	–	9
Government bonds (in foreign currencies)	19	–	19	23	–	23
Corporate bonds (in foreign currencies)	8	–	8	9	–	9
Mortgages	3	–	3	2	–	2
Shares	26	–	26	28	–	28
Real estate	8	8	16	6	6	12
Commodities	2	–	2	2	–	2
Other	–	6	6	–	7	7
Total plan assets	**86**	**14**	**100**	**87**	**13**	**100**

PUBLICA bears the actuarial and investment risks itself. The investment strategy is defined in such a way that benefits under the policy can be provided at maturity.

None of the properties owned by the pension plan has been identified as being used by the employer.

Table 54: Principal actuarial assumptions used as at the reporting date (in percentage)

Percentage	2022	2021
Discount rate as of 01.01.	0.40	0.20
Discount rate as of 31.12.	2.20	0.40
Expected salary development	2.40	0.60
Expected pension development	0.00	0.00
Interest on retirement savings	2.20	0.40
Share of employee contribution to funding gap	36.00	36.00
Life expectancy at age 65 – women (no. of years)	24.48	24.37
Life expectancy at age 65 – men (no. of years)	22.70	22.57

As in the previous year, the discount rate is derived from the yield on fixed-interest high-quality corporate bonds and the expected cash flows of the ETH Domain's pension scheme at PUBLICA based on data from the prior year. The expected future salary development is based on macroeconomic reference data. The rate of pension increase is the rate of pension increase expected for the average remaining term based on the financial position of the pension plan. The share of employee contribution to any funding gap is based on the current staging of savings contributions under the policy. The generation tables in BVG 2020 are applied for assumptions about life expectancy.

Table 55: Sensitivity analysis (effect on present value of defined benefit obligations)

CHF millions	31.12.2022 Increase in assumption	31.12.2022 Decrease in assumption	31.12.2021 Increase in assumption	31.12.2021 Decrease in assumption
Discount rate (change +/– 0.25%)	– 220	201	– 210	223
Expected salary development (change +/– 0.25%)	24	– 24	23	– 22
Expected pension development (change +/– 0.25%)	150	n/a	170	n/a
Interest on retirement savings (change +/– 0.25%)	52	– 51	43	– 43
Share of employee contribution to funding gap (change +/– 10%)	–	–	– 35	35
Life expectancy (change +/– 1 year)	196	– 234	234	– 237

The adjustment in defined benefit obligations upon adjustment of the actuarial assumptions is determined in the sensitivity analysis. Only one of the assumptions is adjusted at a time, while the other parameters remain unchanged.

The discount rate, the assumptions made on salary development and on interest on retirement savings as well as the share of employee contribution to funding gap have been increased or lowered by fixed percentage points. The assumption made on pension development has been increased and not lowered for the reporting period, as a reduction of the pension benefit is not possible. Since there was no longer a funding gap in the reporting period, a change in the employer's participation would not have had an effect on the 2022 financial statements. The sensitivity to life expectancy has been calculated by lowering or increasing life expectancy by a flat-rate factor, as a result of which the life expectancy of most age categories has been increased or reduced by about one year.

29 Dedicated third-party funds

Table 56: Dedicated third-party funds

CHF millions	31.12.2022	31.12.2021	Change absolute	thereof transitional measures Confederation 31.12.2022
Swiss National Science Foundation (SNSF)	707	664	43	47
Swiss Innovation Agency (Innosuisse)	83	78	5	3
EU Framework Programmes for Research and Innovation (EU FPs)	395	402	– 7	152
Special federal funding of applied research	128	126	2	
Industry-oriented research (private sector)	97	112	– 15	
Other project-oriented third-party funding	134	122	12	–
Donations and bequests	96	100	– 4	
Total dedicated third-party funds	**1,641**	**1,605**	**36**	**202**

The dedicated third-party funds correspond to the outstanding performance obligations on current research projects and mandates from contracts with non-exchange transactions. The current amount of available third-party funds for promoting research in the ETH Domain increased by CHF 36m to CHF 1,641m despite increased project activities – due to the transitional measures of the Federal Government totalling CHF 202m.

In the case of the SNSF, there was heightened project activity in 2022; however, the acquisition of project financing increased more strongly thanks to transitional measures, thereby raising the volume of dedicated third-party funds/performance obligations vis-à-vis the SNSF.

Except in the case of Empa, dedicated third-party funds from Innosuisse research contributions grew at all institutions because more grants for new projects were obtained during the reporting period.

In the case of research contributions from the EU, dedicated third-party funds declined at ETH Zurich, EPFL and Eawag, while they increased at the other institutions. Several factors contributed to the slight decline: on the one hand, performance commitments decreased due to ongoing project progress; on the other hand, comparatively fewer projects were acquired in 2022, as Switzerland is presently considered a non-associated third country in the current Horizon Europe EU FPs. The decline in value of the euro also put pressure on the balance sheet. SERI's transitional measures (CHF 152m) helped to prevent an even larger drop.

The special federal funding of applied research increased slightly during the reporting period as a consequence of new contracts for projects at EPFL.

The decline in the volume of third-party funds from the private sector is a consequence of the project progress at ETH Zurich and EPFL. At the PSI, the global economic and political situation negatively affected the completion of new projects. The decline at Empa can be attributed to the significant grant from the Werner Siemens Foundation for the CarboQuant project in 2021, which will now be spread over 10 years.

Dedicated third-party funds in the "Other project-oriented third-party funds" category increased in most institutions owing to new projects financed by cantons as well as municipalities, public-law institutions and international organisations.

The volume of projects financed by donations and bequests declined due to the project progress at ETH Zurich.

30 Financial risk management and additional information about financial instruments

Classes and categories of financial instruments, by carrying amount and fair value

Table 57: Classes and categories of financial instruments

CHF millions	Amortised cost	Fair Value through surplus or deficit	Financial liabilities measured at amortised cost	Total carrying amount	Total fair value
	31.12.2022				
Cash and cash equivalents	742			742	742
Receivables from non-exchange transactions	1,667			1,667	1,667
Receivables from exchange transactions	72			72	72
Financial assets and loans	1,278	333		1,611	1,611
Prepaid expenses and accrued income	23			23	23
Financial liabilities*	–	–	630	630	630

* Current liabilities, Leasing liabilities, Financial liabilities, Accrued expenses and deferred income

The previous year's figures can be taken from the Restatement table (Table 5 in Note 2 Section "Changes to the financial report methods (restatement)").

General

Financial risk management is embedded in the general risk management of the ETH Domain, in respect of which annual reports are made to the ETH Board (see Annual Report, chapter on Risk Situation and Risk Management, p. 48).

Financial risk management primarily addresses credit risk (default risk) and liquidity risk as well as market risk (interest rate, foreign currency and other price risk).

The focus of risk management remains on credit risk. There are guidelines governing the investment of financial resources in order to reduce credit and market risk. The counterparties to a large proportion of the receivables and claims arising from financial assets are of high credit standing and solvency. Risk concentrations only exist in respect of those counterparties, which is why credit risk is regarded as low. Furthermore, there are receivables and financial assets in foreign currencies which are hedged according to prevailing circumstances in order to minimise the risk.

Compliance with and the effectiveness of the guidelines are ensured by the internal control system (ICS).

Credit and default risk

The default risk is the risk of financial losses, if one contractual party of a financial instrument does not fulfil its contractual obligations. The maximum exposure to credit risk corresponds to the carrying amounts in the balance sheet. The actual risk is very low due to the fact that the counterparties to a large proportion of the financial assets are the Federal Government and other public-sector institutions.

Table 58 below shows the maximum exposure to default risk of the financial assets broken down into type of counterparty

Table 58: Maximum exposure to credit risk

CHF millions	Total	Federal Government	European Commission EU FPs *	SNSF, Innosuisse, OASI social service, Suva *	SNB and banks with government guarantee	PostFinance and other banks	Other counter-parties (e.g., cantons, foun-dations) *	Other counter-parties (e.g., private com-panies) **
	31.12.2022							
Cash and cash equivalents	742	538	–	–	11	193	–	–
Receivables from non-exchange transactions	1,667	124	290	566	–	–	581	107
Receivables from exchange transactions	72	12	–	–	–	–	8	52
Financial assets and loans	1,611	1,277	–	–	1	13	11	310
Prepaid expenses and accrued income	23	6	1	–	–	–	2	14
Total	**4,115**	**1,957**	**290**	**566**	**12**	**206**	**602**	**481**
	31.12.2021							
Total previous period**	**4,132**	**2,017**	**297**	**533**	**22**	**131**	**1,133**	n/a

* In the column European Commission, the receivables disclosed are from European universities which have emerged from EU research framework programmes, as well as the outstanding receivables from the temporary measures for Horizon 2020 and Horizon Europe (direct financing State Secretariat for Education, Research and Innovation SERI). The temporary measures for non-accessible programme parts from Horizon Europe are shown in the column of the respective sponsor (SNSF, Innosuisse, other counterparties).

** Financial Report 2021: No breakdown of other counterparties

Estimate of expected credit losses as of 31 December 2022

Cash and cash equivalents

The ETH Domain deposits cash and cash equivalents in the accounts set up for this purpose at the PostFinance, cantonal banks, other banks and at the FFA. All counterparties have an investment grade rating from a recognised rating agency. The ETH Domain therefore assumes that no significant increase in the credit risk has occurred since the initial recognition and determines the expected credit losses, due to the short-term nature of the financial instruments, on the basis of the 12-month credit loss. At the time of the initial application of IPSAS 41 Financial Instruments at 1 January 2022, the calculated loss allowance was below the limit defined by the ETH Domain for posting CHF 1 million The loss allowance has not changed materially over the course of the current period.

Receivables from non-exchange transactions and receivables from exchange transactions
The ETH Domain applies a loss allowance matrix to determine the expected credit losses on receivables from non-exchange transactions and receivables from exchange transactions.

Table 59: Maturity analysis

CHF millions	Total receivables	Not due	Due until 90 days	Due more than 90 days, less than 180 days	Due more than 180 days, less than 360 days	Due more than 360 days
	31.12.2022					
Gross amount	**1,740**	**1,711**	**16**	**8**	**2**	**3**
Receivables from non-exchange transactions gross	1,668	1,648	9	7	2	3
Loss allowance	−1	–	–	–	−1	–
Receivables from exchange transactions gross	73	63	8	2	–	–
Loss allowance	−1	–	–	–	–	–

Table 60: Maturity analysis previous year IPSAS 29

CHF millions	Total receivables	Not past due	Past due up to 90 days	Past due 91 to 180 days	Past due more than 180 days
	31.12.2021				
Gross amount	**1,692**	**1,626**	**39**	**6**	**22**
Receivables from non-exchange transactions	1,616	1,578	18	4	16
Receivables from exchange transactions	76	48	21	1	6
Loss allowance	**−3**	**–**	**–**	**–**	**−3**
of which individually impaired	−1				

For trade accounts receivable at risk, a loss allowance in the amount of CHF 1m was recognised at the end of 2022 (2021: CHF 3m). For receivables from non-exchange transactions a loss allowance in the amount of CHF 1m was recognised at the end of 2022, whereas amounts recognised in the prior period were minor. At the balance sheet date, no receivables from non-exchange transactions and no receivables from exchange transactions were impaired in credit rating.

The table below shows the development of loss allowance with respect to receivables from non-exchange transactions and for receivables from exchange transactions.

Table 61: Development of loss allowance

CHF millions	2022 Loss allowance of receivables from non-exchange transactions	Loss allowance of receivables from exchange transactions
As of 01.01.	–	−3
Changes from restatement as of 01.01.	−1	1
As of 01.01.	**−1**	**−1**
Use of loss allowance	–	–
Net revaluation of loss allowance	–	–
As of 31.12.	**−1**	**−1**

Financial assets and loans
The balance sheet item Financial assets and loans contains, as of 31/12/2022, CHF 1278m financial assets, which are valued at amortised cost. These include loans to students, doctoral candidates and

spin-offs with short and long terms to maturity in the amount of CHF 2 million and financial assets placed with the Federal Government in the amount of CHF 1 277m. Based on historic data and also taking into account future developments, the ETH Domain assesses the credit risk of the counterparties to be low and therefore assumes that no significant increase in the credit risk has occurred since the initial recognition. The ETH Domain therefore determines the expected credit losses on the basis of the 12-month credit loss. At the time of the initial application of IPSAS 41 Financial Instruments at 1 January 2022, the calculated loss allowance was below the limit defined by the ETH Domain for posting. Loss allowance has not changed materially over the course of the current period.

There were no significant overdue loans as of 31 December 2021. No significant loss allowances were recognised in respect of loans.

Liquidity risk

The liquidity risk is the risk that the ETH Domain might possibly not be able to meet its financial obligations according to contract by the delivery of means of payment or other financial assets. The ETH Domain has processes and principles in place which guarantee that adequate liquidity is available to settle current and future obligations. This includes maintaining an adequate reserve of liquidity and tradeable securities.

Financial liabilities arise, most notably, from current operating liabilities and leasing liabilities. Under normal circumstances, expenses and investments are financed with self-generated funds. In some cases, investments are financed through lease agreements. Financial liabilities include a liability due to the donated right at EPFL (Microcity) which is recognised in the balance sheet. It is treated as a finance lease but does not represent a liquidity risk.

Table 62 shows the maturities of the financial liabilities.

The entities controlled by the institutions of the ETH Domain may raise funds on the financial market, the institutions may not do so themselves.

All financial liabilities are covered by liquidity and by short-term deposits with the Federal Government. Liquidity risk is low.

Table 62: Contractual maturities of the financial liabilities

CHF millions	Total carrying amount	Total contract value	Up to 1 year	1–5 years	More than 5 years
	31.12.2022				
Non-derivative financial liabilities					
Current liabilities	171	171	171	–	–
Leasing liabilities	320	449	18	201	230
Financial liabilities	79	79	6	19	54
Accrued expenses and deferred income	60	60	60	–	–
Derivative financial liabilities	**–**	**–**	**–**	**–**	**–**
Total	**630**	**759**	**255**	**220**	**284**
	31.12.2021				
Total previous period	**558**	**653**	**239**	**91**	**323**

Market risk

The market risk is the risk that the market prices, such as exchange rate, interest rates or share prices change and thus the revenues of the ETH Domain or the value of the financial instruments held are influenced.

Interest rate and price risk
Interest rate risk is not hedged. A one percentage point increase or decrease in the interest rate would increase or reduce surplus or deficit by around CHF 16m.

The bonds under the asset management mandates are also taken into account in analysing interest rate risk. The other trading positions (excluding bonds) encompass international and domestic shares and fund investments, which include both domestic and international issuers. A 10% decrease in price would reduce surplus or deficit by CHF 31m.

Most of the trading positions exposed to a price risk are held under asset management mandates with Swiss banks.

The ETH Board issued the investment guidelines based on Art. 34*c* paragraph 2 of the ETH Act (SR 414.110), which came into effect on 1 August 2021. The two Federal Institutes of Technology and the four research institutes defined their own investment strategies on this basis. A model is operated for the selection of the relevant portfolio optimised for the investment strategy of the asset management mandate. The risk capacity is determined using the value-at-risk approach. The investment strategy and the amount of the invested assets must be selected in such a way that sufficient risk capital is available or can be formed in order to cover the calculated value at risk.

Foreign currency risk
The majority of the receivables and liabilities in foreign currencies are in euros and US dollars. These are hedged using derivatives according to prevailing circumstances. Most foreign currency risks in asset management mandates are hedged. Net of hedges, a fluctuation in the exchange rate of these two currencies of +/– 10% would impact on the statement of financial performance as follows:

Table 63: Sensitivity to foreign currency risk

	31.12.2022					31.12.2021				
CHF millions	Total	CHF	EUR	USD	Other	Total	CHF	EUR	USD	Other
Net currency balance	**2,855**	**2,798**	**24**	**7**	**26**	**2,947**	**2,869**	**37**	**10**	**30**
Sensitivity affecting financial performance +/– 10%			2	1				4	1	
Closing rate			0.9874	0.9250				1.0359	0.9107	

The net currency balance for the other currencies category is primarily related to the asset management mandates and the consolidated entity in Singapore, controlled by ETH Zurich.

Capital management
Managed capital is defined as equity excluding valuation reserves. The ETH Domain seeks to create a solid equity base. This base will enable the implementation of the performance mandate to be guaranteed. Legal regulations prohibit the institutions of the ETH Domain and the ETH Board from raising funds in the capital market.

Estimation of fair value
Because of their short-term maturity, the carrying amount of cash and cash equivalents and the carrying amounts of current loans, fixed deposits, receivables and current liabilities are a reasonable approximation of fair value.

The fair value of non-current receivables from non-exchange transactions and non-current loans is calculated on the basis of the payments falling due in the future, which are discounted at market interest rates.

The fair value of available-for-sale financial assets is based on actual values, provided they can be determined reliably, or reflects their costs.
The fair value of fixed-interest financial liabilities which are not traded publicly is estimated on the basis of payments due in the future and discounted at market interest rates. The fair value of

fixed-interest financial assets and liabilities which are traded publicly is based upon stock market quotations on the reporting date.

The fair value of finance lease liabilities is estimated on the basis of payments falling due in the future, which are discounted at market interest rates.

The ETH Domain does not hold any held-to-maturity financial assets.

Hierarchy levels of the financial instruments measured at the fair value

Financial instruments measured at fair value are required to be disclosed within a three-level valuation hierarchy:

- Level 1: quoted prices in an active market for identical assets and liabilities;
- Level 2: valuation techniques where all significant inputs are based on observable market data;
- Level 3: valuation techniques where significant inputs are not based on observable market data.

Table 64: Fair value hierarchy

	31.12.2022				31.12.2021			
CHF millions	Carrying amount/fair value	Level 1	Level 2	Level 3	Carrying amount/fair value	Level 1	Level 2	Level 3
Financial assets	333	317	8	8	388	370	9	9
Financial liabilities	–	–	–	–	–	–	–	–

Net surplus or deficit by category

Table 65: Net surplus or deficit by category

	2022		
CHF millions	Amortised cost	Fair Value through surplus or deficit	Financial liabilities
Interest income (+)/interest expense (–)	11	–	– 8
Income from investments		5	
Change in fair value		– 52	
Currency translation differences, net	– 6	2	–
Impairments	–		
Reversal of impairment	–		
Other finance income	1		22
Total net surplus or deficit by category	**6**	**– 45**	**14**

The negative development on the financial markets led to the negative fair value adjustments. Further information can be found in Note 15 Financial Result.

Table 66: Net surplus or deficit by category previous year IPSAS 29

	2021			
CHF millions	Loans and receivables	At fair value through surplus or deficit	Available for sale	Financial liabilities
Total net surplus or deficit by category previous year	**–**	**35**	**4**	**– 9**

Changes in fair value and interest expense of the financial liabilities have had the biggest impact on net income 2021.

31 Contingent liabilities and contingent assets

Contingent liabilities

Table 67: Contingent liabilities

CHF millions	31.12.2022	31.12.2021	Change absolute
Guarantees	–	–	–
Warranties	1	1	–
Litigations	–	–	–
Other	221	229	−8
Total contingent liabilities	**222**	**230**	**−8**

There are still two warranties totalling CHF 1m at EPFL to cover possible customs debts in connection with cross-border transactions that are not time-barred.
EPFL has the following other contingent liabilities:

- Biotech Campus: EPFL, the University of Geneva and the Fondation Campus Biotech Geneva are jointly and severally liable for leasing relationships until 30 June 2043 (CHF 204m, plus repairs CHF 14m).
- Joint and several liability in respect of rental payments for the AGORA building. This amount corresponds to the risk for EPFL if both parties (CHUV, UNIL) were to default (CHF 3m) by 31 May 2026.

At the end of 2022, ETH Zurich also had an approximate contingent liability below CHF 1m in connection with a claim at a property it is renting. The contingent liability from the previous year in connection with expenses of contractual partners no longer exists.

Contingent assets

Table 68: Contingent assets

CHF millions	31.12.2022	31.12.2021	Change absolute
Off-balance sheet receivables	–	–	–
Other	–	–	–
Total contingent assets	**–**	**–**	**–**

ETH Zurich had two unquantifiable contingent assets at the end of 2022. These are the donation by the Wyss Zurich Foundation, founded by Hansjörg Wyss, for the Wyss Translational Center Zurich, as well as the remaining inheritance from Dr Branco Weiss for the Society in Science Programme (The Branco Weiss Fellowship) to support young researchers, which involves an amount in the low double-digit millions.

32 Financial commitments

Table 69: Financial commitments

CHF millions	31.12.2022	31.12.2021	Change absolute
Financial commitments <= 1 year	175	102	74
Financial commitments from 1 to 5 years	30	89	– 59
Financial commitments > 5 years	–	–	–
No due date/indefinite	–	–	–
Total financial commitments	**205**	**191**	**15**

At the reporting date, the PSI had contractual obligations for the acquisition of goods and services in the amount of CHF 108m (of which CHF 84m are short term and CHF 24m long term). The financial commitments relate, in particular, to various orders for plant construction projects in the area of SLS 2.0, CHART and ESS.

At the end of 2022, ETH Zurich had financial commitments of CHF 82m. These mostly relate to acquiring technical research equipment, in particular a planned purchase for the CSCS (supercomputer), and to the ETH Library for access to digital publications.

EPFL (CHF 7m), Empa (CHF 7m) and Eawag (CHF 2m) have also reported financial commitments.

In addition, EPFL has contractually undertaken to bear the expenses for major maintenance work, as well as conversion and renovation costs for the interior fittings and operating facilities of the Microcity building in Neuchâtel.

33 Operating lease

Table 70: Operating lease

CHF millions	2022	2021	Change absolute
DUE DATES			
Due within 1 year	44	43	–
Due within 1 to 5 years	148	138	11
Due after more than 5 years	286	289	– 3
Future minimum payments for non-cancellable operating lease as of 31.12.	**477**	**470**	**8**
Leasing payments of current period	**46**	**46**	**–**
ADDITIONAL DETAILS			
Return from subleasing	1	2	– 1
Future revenue from sublease (from non-cancellable contracts)	3	3	–

During the reporting period, the lease agreements affect in particular ETH Zurich (future minimum lease payments of CHF 200m, –CHF 6m), PSI (future minimum lease payments of CHF 131m, + CHF 1m), EPFL (future minimum lease payments of CHF 141m, + CHF 15m), and Empa (future minimum lease payments of CHF 6m, –CHF 1m). This primarily involves the rental of various properties. The PSI has a lease agreement for offices, labs and workshops in a building yet to be completed (planned occupation from 1 January 2024 for a 23-year term).

The leasing payments of the current period are mainly divided between ETH Zurich (CHF 34m), EPFL (CHF 10m), and Empa (CHF 2m).

34 Remuneration of key management personnel

Table 71: Remuneration of key management personnel (rounded values)

CHF millions	2022	2021	Change absolute
ETH Board	1	1	–
Directorate **	3	2	–
Remuneration of key personnel	**3**	**3**	**–**

Table 72: Key personnel

Full-time equivalent	2022	2021	Change absolute
ETH Board *	2.22	2.20	0.02
Directorate **	6.00	6.00	–
Number of persons (in full-time positions)	**8.22**	**8.20**	**0.02**

* Workload: President of the ETH Board: 80%, Vice President of the ETH Board: 16%, President Audit Committee: 16%, one member of the ETH Board: 70%, remaining four members of the ETH Board without management functions: 10% each.

** Board members with management functions and the directors of the other research institutes

35 Relationships with controlled and associated entities

Controlled entities

The following institutions, the ETH Board and the units listed in Table 73 are fully consolidated with all their locations.

Institutions and ETH Board:
- Board of the Federal Institutes of Technology (ETH Board), Zurich and Bern
- ETH Zurich, Zurich
- EPFL, Lausanne
- Paul Scherrer Institute (PSI), Villigen
- Swiss Federal Institute for Forest, Snow and Landscape Research (WSL), Birmensdorf
- Swiss Federal Laboratories for Materials Testing and Research (Empa), Dübendorf
- Swiss Federal Institute of Aquatic Science and Technology (Eawag), Dübendorf

Table 73: Controlled entities

	Legal form	Type of collaboration/ business activity	Registered office	Jurisdiction	Currency	Share of voting rights and participation (in %) 31.12.2022[1]		Reporting date used
ETH Singapore SEC Ltd.	Ltd.	Strengthening of the global position of Switzerland and Singapore in the field of environment/sustainability and engaging in appropriate research cooperation	Singapore	Singapore	SGD	100	100	31.03.2022
Rübel Geobotanical Research Institute Foundation[2]	Foundation	Promoting geobotanical science (plant sociology, plant ecology, plant propagation, vegetation history)	Zurich	Switzerland	CHF	57	100	31.12.2021
Fondation pour les Etudiants de l'EPFL	Foundation	The foundation supports EPFL students whose financial circumstances make it difficult for them to complete their studies.	Lausanne	Switzerland	CHF	60	100	31.12.2022
EPFL Innovation Park Foundation	Foundation	The foundation owns and maintains buildings for promising start-ups (technology park).	Ecublens (VD)	Switzerland	CHF	45	100	31.12.2022
Société du Quartier de l'Innovation (SQIE)	Simple partnership	The simple partnership maintains buildings on a finance lease basis for large technology companies.	Ecublens (VD)	Switzerland	CHF	100	100	31.12.2022
Société du Quartier Nord de l'EPFL (SQNE)[3]	Simple partnership	The simple partnership maintains various buildings on a finance lease basis and operates a convention centre, student housing, shops and a hotel.	Ecublens (VD)	Switzerland	CHF	83	100	31.12.2022

[1] The figures are unchanged compared to the previous year, except for Société du Quartier Nord de l'EPFL (previous year: 80% of the voting rights)

[2] The remaining 43% of the voting rights in the Rübel Geobotanical Research Institute Foundation are held by persons designated by the founder. However, ETH Zurich has a 100% share in the capital of the foundation.

[3] EPFL has a 100% stake in SQNE. EPFL holds 90% directly and 5% indirectly through the fully consolidated EPFL Innovation Park Foundation. The other 5% is held by the associated entity Foundation Les Bois Chamblard, in which EPFL has substantial interest with a stake of 100%. Based on this situation, SQNE is fully consolidated without including or reporting any non-controlling interests.

Associated entities

All the listed associated entities are entered in the balance sheet using the equity method.

Table 74: Associated entities

	Legal form	Type of collaboration/ business activity	Registered office	Jurisdiction	Currency	Share of voting rights and participation (in %) 31.12.2022[1]	
ETH Zurich Foundation[2]	Foundation	Promoting research and teaching at the Swiss Federal Institute of Technology Zurich	Zurich	Switzerland	CHF	15	100
Albert Lück Foundation	Foundation	Promoting teaching, research and study in the field of construction at ETH Zurich, initially in the current Department of Civil, Environmental and Geomatic Engineering and in its successor unit	Zurich	Switzerland	CHF	17	100
Student Housing Foundation	Foundation	Providing and operating affordable student housing in Zurich	Zurich	Switzerland	CHF	25	50
Archives of Contemporary History Foundation	Foundation	Promoting, safeguarding the long-term existence of and extending ETH Zurich's Archives of Contemporary History as a documentation and research centre for general and Swiss contemporary history	Zurich	Switzerland	CHF	43	100
Foundation for Contemporary Jewish History	Foundation	Setting up and promoting a documentation centre for contemporary Jewish history within ETH Zurich's Archives of Contemporary History	Zurich	Switzerland	CHF	25	100
Fondation Les Bois Chamblard	Foundation	The foundation provides facilities for seminars and conferences.	Buchillon	Switzerland	CHF	20	100
Fondation Campus Biotech Geneva	Foundation	The Biotech Campus is a centre of excellence in biotechnology and life science research.	Geneva	Switzerland	CHF	25	50
Fondation du Centre universitaire protestant de Lausanne	Foundation	The foundation provides accommodation for students from EPFL and from the University of Lausanne.	Lausanne	Switzerland	CHF	33	60
Fondation "Institut d'Imagerie Moléculaire Translationnelle IIMT"	Foundation	The foundation supports the development of new programmes in translational research and technological innovation in the area of molecular imaging.	Geneva	Switzerland	CHF	50	50
DECTRIS LTD	Public limited company	Development and production of electronic measuring instruments for research and industrial applications.	Baden	Switzerland	CHF	19	19

1 These figures are the same as in the previous year, except for Dectris AG (previous year: 21% of voting rights/participating share).
2 Although ETH Zurich has less than 20% of the voting rights in the ETH Zurich Foundation, it has considerable influence over the foundation and is its sole beneficiary.
For this reason, the ETH Zurich Foundation has been classified as an associated entity.

Restrictions

The ETH Domain does not have any rights to the assets of the controlled or associated entities shown above. For instance, it cannot arrange a transfer of liquidity or access the funds of the units in any other way.

Controlled and associated entities below the threshold in accordance with the Ordinance on Finance and Accounting of the ETH Domain

The Ordinance lays out the details on the consolidation. It also defines thresholds to be taken into account in the consolidated financial statements. Units which meet the criteria for consolidation or equity valuation but which fall below these thresholds are to be disclosed as follows in accordance with Note 2 of the Ordinance on Finance and Accounting of the ETH Domain and are excluded from the consolidated financial statements of the ETH Domain:

Table 75: Entities below the thresholds in accordance with the Ordinance on Finance and Accounting Regulations of the ETH Domain

	31.12.2022	31.12.2021
Controlled entities		
Quantity	9	10
Total assets (CHF million)	21	21
Associated entities		
Quantity	11	15
Total assets (CHF million)	57	73

36 Events after the balance sheet date

The ETH Board approved the 2022 consolidated financial statements of the ETH Domain on 8/9 March 2023. No significant events in the ETH Domain occurred prior to that date that would require disclosure in or changes to the consolidated financial statements of the ETH Domain as of 31 December 2022.

Auditors' report

EIDGENÖSSISCHE FINANZKONTROLLE
CONTRÔLE FÉDÉRAL DES FINANCES
CONTROLLO FEDERALE DELLE FINANZE
SWISS FEDERAL AUDIT OFFICE

Reg. Nr. 932.22491.002

Report of the statutory auditor

to the Federal Council and the ETH Board

Consolidated financial statements of the Domain of the Swiss Federal Institutes of Technology for the year 2022

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of the Domain of the Swiss Federal Institutes of Technology (ETH Domain) which comprise the consolidated statement of financial performance 2022, the consolidated balance sheet as of 31 December 2022, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the consolidated financial statements (pages 12 to 79) present fairly, in all material respects, the consolidated financial position of the ETH Domain as of 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Public Sector Accounting Standards (IPSAS) and legal requirements and the Accounting Manual for the ETH Domain.

Basis for Opinion

We conducted our audit in accordance with Swiss Law, International Standards on Auditing (ISAs), Swiss Standards on Auditing (SA-CH) and article 35a*ter* of the Federal Act on the Federal Institutes of Technology (SR 414.110). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent based on the Federal Audit Office Act (SR 614.0) and the requirements of the audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The ETH Board is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements and our auditor’s report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. In this context, please refer to the section Report on other legal and regulatory requirements at the end of this report.

Responsibilities of the ETH Board for the consolidated financial statements

The ETH Board is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Public Sector Accounting Standards (IPSAS) and the legal requirements (Ordinance on the ETH Domain, SR 414.110.3; Ordinance on the Finance and Accounting of the ETH Domain, SR 414.123; Accounting Manual for the ETH Domain), and for such internal control as the ETH Board determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the ETH Board is responsible for assessing the ETH Domain’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern.

Auditor’s responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law, ISA's and SA-CH we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the ETH Domain's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

- Conclude on the appropriateness of the ETH Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ETH Domain's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the notes to the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the ETH Domain to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the ETH Domain to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee of the ETH Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

In accordance with PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the consolidated financial statements according to the instructions of the ETH Board.

In accordance with Art. 21 par. 2 of the Ordinance on the Finance and Accounting of the ETH Domain, we confirm that no contradictions exist between the personnel reporting in the annual report (management report) and the consolidated financial statements. Likewise, we confirm that no contradictions exist between the financial figures in the annual report (management report) and the consolidated financial statements.

Furthermore, in accordance with Art. 21 par. 2 of the Ordinance on the Finance and Accounting of the ETH Domain, we confirm that risk management has been appropriately conducted according to the instructions of the ETH Board.

We recommend that the consolidated financial statements submitted to you be approved.

Berne, 9 March 2023

SWISS FEDERAL AUDIT OFFICE

Jeannet Eric-Serge NJRIBJ
09.03.2023
Info: admin.ch/esignature | validator.ch

Eric-Serge Jeannet
Licensed audit expert

Koehli Martin OMQKGC
09.03.2023
Info: admin.ch/esignature | validator.ch

Martin Köhli
Licensed audit expert

Publication data

Publisher: ETH Board, Häldeliweg 15, 8092 Zurich/
Hirschengraben 3, 3011 Bern, Switzerland; kommunikation@ethrat.ch
Project lead and editorial office:
ETH Board Finances/Communication, Zurich
Graphical concept: Hej AG, Zurich
Graphic realisation: Linkgroup AG, Zurich
Translation and proofreading: Apostroph Zürich AG, Zurich
Publishing system: ns.publish, mms solutions AG, Zurich
Printing: Cavelti AG, Gossau
Press date: 9 March 2023

The Financial Report is published in German, French and English. The German version of the consolidated financial statements shall be binding. The Financial Report is available electronically at www.ethboard.ch/financialreport2022.

Rounding differences: the figures presented in this document may not correspond precisely to the total amounts presented in the tables. Changes are calculated on unrounded amounts and may differ from a figure that is based on the rounded amounts presented in the tables.

FSC www.fsc.org
MIX
Paper from responsible sources
FSC® C021085

ETH Board
Board of the Swiss Federal
Institutes of Technology

Zurich:
Häldeliweg 15
8092 Zurich
Switzerland

Bern:
Hirschengraben 3
3011 Bern
Switzerland

www.ethboard.ch