ETH BOARD

FINANCIAL REPORT OF THE ETH BOARD ON THE ETH DOMAIN 2023

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

Financial Report of the ETH Board on the ETH Domain 2023

Report on the 2023 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).

It is 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 both the expenditure credit with a financing effect and the investment credit with a financing effect for the ETH Domain. 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 80 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. 112 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 changes that would have a material impact and are therefore comparable with previous years.

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 led to a one-off effect, a book gain of CHF 53m. 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).

Key developments in 2023 at a glance

In the reporting period, research activities continued at the same level as seen in the previous year. There were again significant investments in property, plant and equipment. Despite the savings measures initiated, an operating loss of – CHF 16m was recorded due to inflation. The negative operating result was not even lower thanks to higher donations. The good net finance income led to a net annual profit of CHF 23m (2022 adjusted: – CHF 25m).

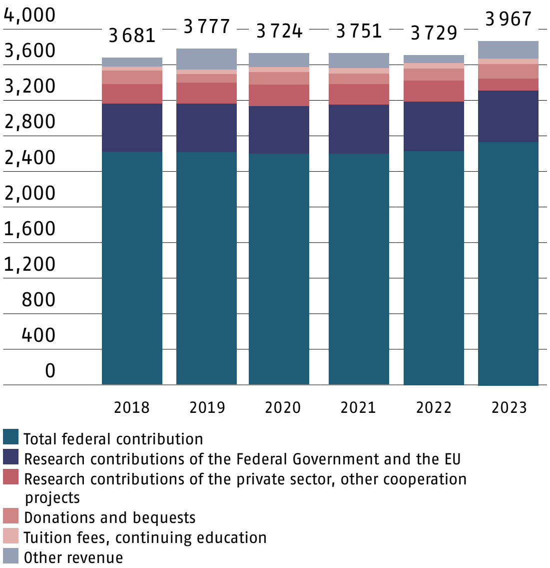
The 2023 consolidated financial statements can be summarised as follows:

– Increased operating revenue (total federal contribution and increase in revenue from third-party funding).
– Rising operating expenses due to higher material, energy and personnel expenses caused by inflation as well as higher depreciation due to substantial investment activity.
– Significantly better net finance income than in the previous year.
– Cash and cash equivalents (incl. current financial assets) decreased due to high expenditure, which is also reflected in the reduction in reserves.

Multi-year overview

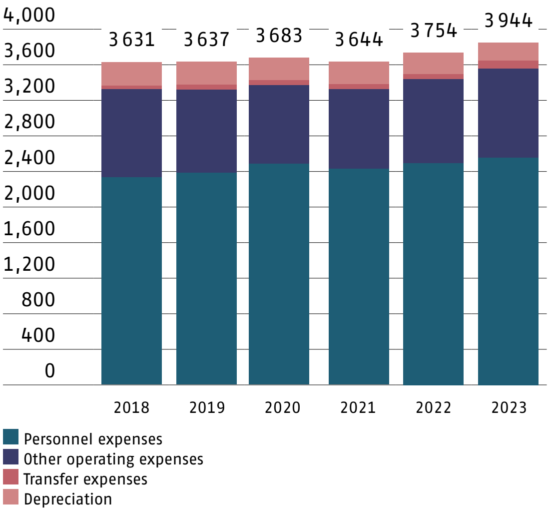
Development of total revenue of the ETH Domain

in CHF millions



Development of total expenditure of the ETH Domain

in CHF millions



Consolidated statement of financial performance

CHF millions	2023	2022 restated	2021
Operating revenue	**3,929**	**3,780**	**3,697**
Changes to previous year	4%	2%	0%
Operating expenses	**3,944**	**3,754**	**3,641**
Changes to previous year	5%	3%	–1%
NET FINANCE INCOME/EXPENSE	**30**	**–27**	**26**
SURPLUS (+) OR DEFICIT (–)	**23**	**–25**	**110**
Total revenue	**3,967**	**3,729**	**3,751**
Third-party funds relative to total revenue	31%	29%	31%
Personnel expenses relative to total revenue	64%	67%	65%

Operating revenue and total revenue

Operating revenue increased by CHF 148m relative to the previous year to CHF 3,929m. **Total revenue**, which also includes net finance income and income from investments, increased thanks to the improved performance of the financial markets to CHF 3,967m (2022: CHF 3,729m).

Federal financing, the total **federal contribution** (see Note 7), is the main component of the operating revenue. It consists of the federal financial contribution of CHF 2,535m (2022: CHF 2,441m) and the federal contribution to accommodation of CHF 195m (2022: CHF 202m). Compared with the previous year, the total federal contribution increased by CHF 87m.

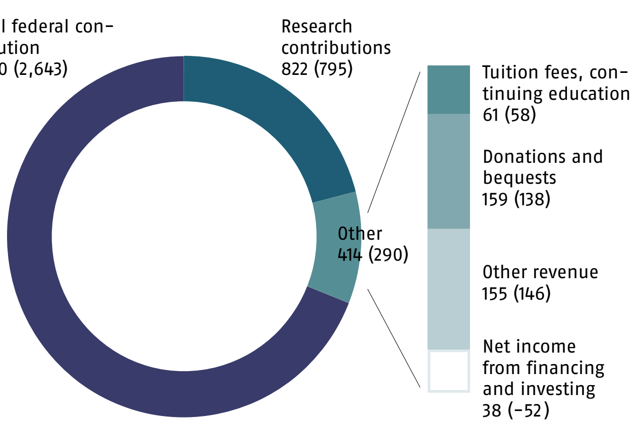
Revenue from third-party funding (see Notes 8, 9, 10, 11, 15 and 20) increased by CHF 150m or 14% to CHF 1,237m (2022: CHF 1,086m). This was due to the higher donations, higher project revenue and the income from financing activities and investments, which was positive again. The share of third-party funds relative to total revenue stood at 31%.

Revenue from research contributions, mandates and scientific services exceeded the prior-year level at CHF 822m (2022: CHF 795m). 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.

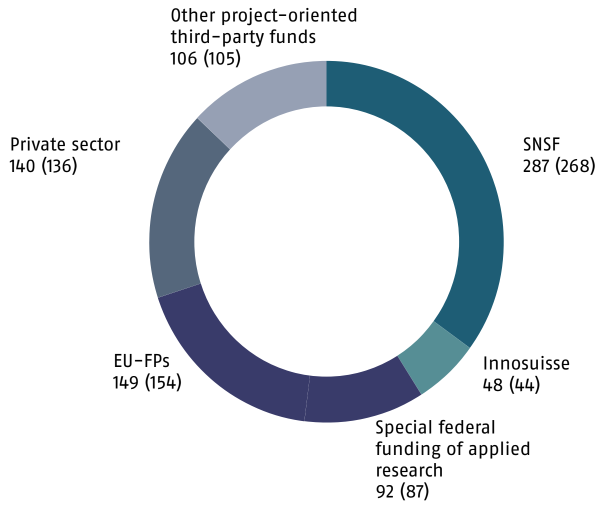
Transitional measures

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 2023, the ETH Domain realised project revenue of CHF 62m (2022: CHF 18m). Of this amount, the SNSF accounted for CHF 15m, Innosuisse for CHF 1m, special federal funding of applied research for CHF 2m and EU Framework Programmes for Research and Innovation (EU-FPs) for CHF 43m. At the end of 2023, the volume of performance obligations for projects from transitional measures stood at CHF 325m (2022: CHF 202m), of which CHF 122m was attributable to the SNSF (2022: CHF 47m),CHF 2m to Innosuisse (2022: CHF 3m), and CHF 201m to EU-FP (2022: CHF 152m).

Total revenue in 2023 in CHF millions
CHF 3,967m (previous year: CHF 3,729m)



Research contributions in 2023 in CHF millions
CHF 822m (previous year: CHF 795m)



Obtained grants – research projects competitively acquired (separate key figure off the balance sheet)

In 2023, the ETH Domain raised a total of CHF 495m in competitive funding*, of which CHF 163m (2022: CHF 201m) originated from the transitional measures of the Federal Government (total in 2022: CHF 492m; 2021: CHF 388m and 2020: CHF 468m). The SNSF allocated CHF 354m, some CHF 56m more than in 2022. Transitional measures accounted for CHF 83m of this amount (2022: CHF 49m). The projects funded by Innosuisse increased by CHF 9m; of the total of CHF 50m, CHF 1m is financed from transitional measures (2022: CHF 6m). The grants for EU-FP projects decreased by CHF 61m and stood at CHF 91m, with transitional measures accounting for CHF 80m of this figure (2022: CHF 146m).

Operating expenses

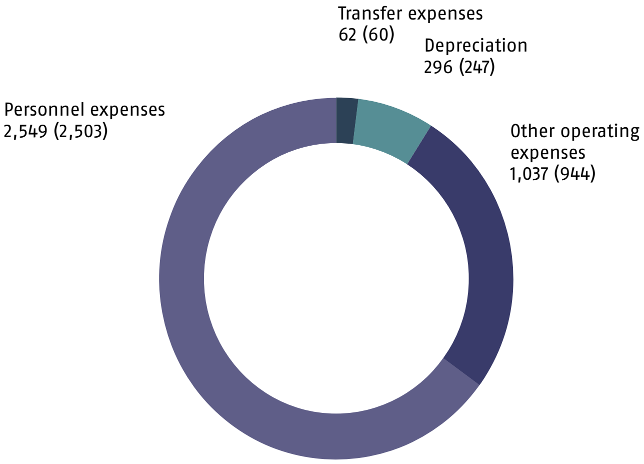
Operating expenses increased by CHF 190m to CHF 3,944m in the reporting period. The increase is mainly attributable to the increase in energy costs. Personnel expenses and depreciation also increased.

Personnel expenses is the largest item of expense (2023: 65%; 2022: 67%). It rose against 2022, in part due to the inflation adjustment of CHF 46m to CHF 2,549m. The increase in salaries and wages (+ CHF 77m) was only partially compensated by the decrease in net pension costs (– CHF 38m).

Other operating expenses were higher than in the previous year, amounting to CHF 1,037m (2022: CHF 944m). In particular, the increase was due to higher energy costs, which doubled to CHF 148m. **Depreciation** increased to CHF 296m (2022: CHF 247m). The reason for this was the high investments in the reporting period and in previous years. The prior-year figure includes the reversal of impairment from the revaluation of the STCC of CHF 30m (see page 4, Comparability with previous years). **Transfer expenses** remained on the prior year's level (2023: CHF 62m; 2022: CHF 60m).

Detailed information on operating expenses can be found in Notes 12 to 14 as well as in Note 21.

Operating expenses in 2023 in CHF millions
CHF 3,944m (previous year: CHF 3,754m [adjusted, see Note 2])



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

Consolidated balance sheet

CHF millions	31.12.2023	31.12.2022 restated	31.12.2021
Current assets	**3,018**	**3,048**	**3,143**
Non-current assets	**3,732**	**3,701**	**3,518**
TOTAL ASSETS	**6,750**	**6,749**	**6,661**
Liabilities	**3,618**	**3,427**	**3,616**
Equity	**3,133**	**3,322**	**3,045**
TOTAL LIABILITIES AND EQUITY	**6,750**	**6,749**	**6,661**

Total assets of the ETH Domain remained on a par with the previous year. Cash and cash equivalents increased due to reallocations, while financial assets and property, plant and equipment decreased.

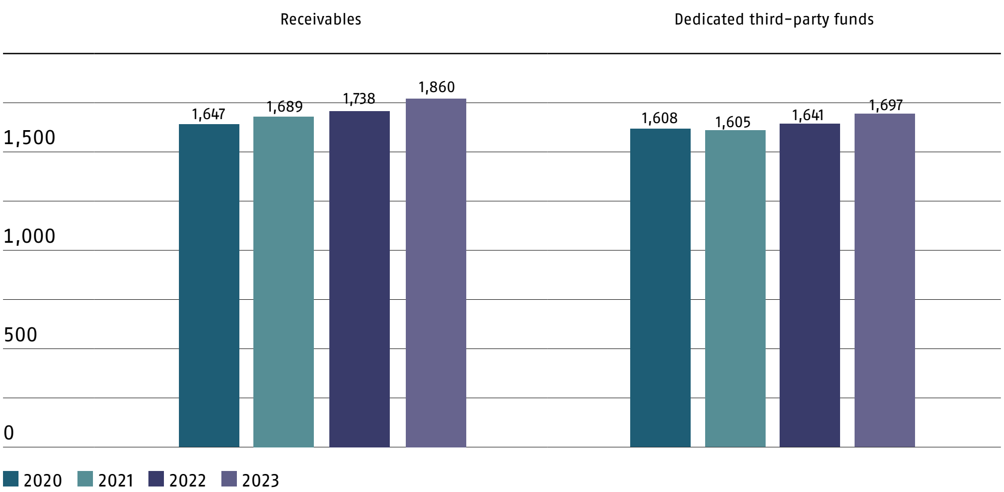
Receivables and dedicated third-party funds

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 following diagram for "Receivables and dedicated third-party funds" illustrates how these variables have developed.

Receivables and dedicated third-party funds in CHF m



Property, plant and equipment

Property, plant and equipment account for around one-third of the total assets (31 December 2023: CHF 2,136m).

In 2023, CHF 340m was capitalised in property, plant and equipment. Examples of larger investments include:

- **ETH Zurich:** In movable property, plant and equipment, technical/scientific equipment such as the MR Research System 3 Tesla Edition spectrometer was purchased for CHF 2m. In the area of information and communication technology, CHF 30m was invested in the hardware extensions for the high-performance computer HPCN/Alps. In terms of immovable non-current assets, ETH Zurich again recorded significant additions with respect to leasehold improvements and assets under construction, primarily due to continued strong construction activity. CHF 7m was invested in leasehold improvements for the renovation and expansion of the HIF building (civil engineering). Other noteworthy leasehold improvements included the HPT conversions at the Hönggerberg campus (Department of Biology and Physics, CHF 6m), investments in the new construction of the HPQ lab and office building at the Hönggerberg campus (Department of Physics, CHF 5m and for the renovation/expansion of the ML/FHK Machine Laboratory (CHF 5m).
- **EPFL:** In the area of movable property, plant and equipment, technical-scientific equipment was purchased, including a cryo-transmission electron microscope (Centre Dubochet, CHF 6m) and a GIF Continuum 1069HR electron microscope for the LSME laboratory for electron spectrometry and microscopy (CHF 2m), with both being financed by third-party funds. For IT hardware, EPFL invested CHF 9m (of which CHF 3m was from third-party funding) in three additional servers for SCITAS scientific IT and application support and the STI-IT support and services.
- **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 2.0 (CHF 41m).
- **WSL:** Investments in machinery/IT hardware (CHF 1m) and leasehold improvements (CHF 1m) were made.
- **Empa:** Purchase of various technical-scientific equipment for CHF 2m. For the leasehold improvements, Empa invested an additional CHF 8m in the Master Plan Research Campus Empa Eawag.
- **Eawag:** Eawag also invested another CHF 2m in the laboratory conversion in 2023.

Detailed information on property, plant and equipment can be found in Note 21.

Equity

Equity decreased in the reporting period due to a decrease in the revaluation reserves from net defined benefit liabilities (– CHF 213m, for details, see Note 28 Net defined benefit liabilities). Together with the net annual profit of CHF 23m, equity amounted to CHF 3,133m, CHF 190m less than in the previous year.

Within equity, "**Donations, grants, co-financing**" increased by CHF 76m to CHF 1,024m in the reporting period. The funds in this category are chiefly earmarked for external purposes, meaning they are used in accordance with the specifications of the funding providers. Other equity decreased by CHF 61m and comprises the **accumulated surplus/deficit as well as the reserves without dedication and the reserves with internal dedication**. Although the accumulated surplus rose by CHF 119m, reserves decreased by a total of CHF 180m.

The reserves in the ETH Domain are mainly earmarked for teaching and research as well as infrastructure and administration. They are actively managed and integrated for setting strategic focal points in teaching and research and realising large-scale research infrastructure into the institutions' budgeting and planning processes. The reserves were also increasingly used to finance uncovered operating costs. The ETH Domain and its institutions ensure strategy-compliant use of reserves and all financial resources.

Further information on equity can be found on pages 12 and 13.

Consolidated financial statements

Consolidated statement of financial performance

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

CHF millions	Notes	Budget 2023	Actual 2023	Actual 2022 restated	Change to Actual absolute
Federal financial contribution		2,535	2,535	2,441	94
Federal contribution to accommodation		195	195	202	−6
Total federal contribution	7	**2,730**	**2,730**	**2,643**	**87**
Tuition fees, continuing education	8	**58**	**61**	**58**	**4**
Swiss National Science Foundation (SNSF), regular research funding		301	272	267	5
Swiss National Science Foundation (SNSF), transitional measures Confederation		n/a	15	1	14
Swiss Innovation Agency (Innosuisse), regular research funding		47	47	44	2
Swiss Innovation Agency (Innosuisse), transitional measures Confederation		n/a	1	–	1
Special federal funding of applied research, regular research funding		91	90	87	3
Special federal funding of applied research, transitional measures Confederation		n/a	2	–	2
EU Framework Programmes for Research and Innovation (EU-FPs), regular research funding		148	106	137	−32
EU Framework Programmes for Research and Innovation (EU-FPs), transitional measures Confederation		n/a	43	17	27
Industry-oriented research (private sector)		145	140	136	4
Other project-oriented third-party funding (incl. cantons, municipalities, international organisations)		103	106	105	1
Research contributions, mandates and scientific services	9	**835**	**822**	**795**	**27**
Donations and bequests	10	**96**	**159**	**138**	**21**
Other revenue	11	**135**	**155**	**146**	**9**
Operating revenue**		**3,854**	**3,929**	**3,780**	**148**
Personnel expenses	5, 12, 28	2,562	2,549	2,503	46
Other operating expenses	13	928	1,037	944	93
Depreciation*	21, 23	286	296	247	49
Transfer expenses	14	138	62	60	2
Operating expenses		**3,915**	**3,944**	**3,754**	**190**
OPERATING RESULT		**– 61**	**– 16**	**26**	**– 42**
NET FINANCE INCOME/EXPENSE**	15	**– 2**	**30**	**– 27**	**57**
Share of surplus/deficit of associated entities and joint ventures**	20	–	8	−25	33
SURPLUS (+) OR DEFICIT (–)		**– 62**	**23**	**– 25**	**48**
**Total revenue		3,852	3,967	3,729	238

* Year 2022 restated as per Note 2.

Consolidated balance sheet

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

CHF millions	Notes	31.12.2023	31.12.2022 restated	Change absolute
CURRENT ASSETS				
Cash and cash equivalents*	16	1,061	721	340
Current receivables from non-exchange transactions	17	697	622	75
Current receivables from exchange transactions	17	65	72	−7
Current financial assets and loans*	22	1,124	1,561	−437
Inventories	18	12	12	–
Prepaid expenses and accrued income	19	60	60	–
Total current assets		**3,018**	**3,048**	**−29**
NON-CURRENT ASSETS				
Property, plant and equipment*	21	2,136	2,172	−36
Intangible assets*	21	60	58	2
Non-current receivables from non-exchange transactions	17	1,098	1,045	54
Non-current receivables from exchange transactions	17	–	–	–
Investments in associated entities and joint ventures	20	254	246	8
Non-current financial assets and loans	22	80	72	8
Co-financing	23	105	109	−4
Total non-current assets		**3,732**	**3,701**	**30**
TOTAL ASSETS		**6,750**	**6,749**	**1**
LIABILITIES				
Current liabilities	24	217	171	46
Current financial liabilities	25	17	17	1
Accrued expenses and deferred income	26	200	194	6
Short-term provisions	27	97	99	−3
Short-term liabilities		**531**	**480**	**51**
Dedicated third-party funds	29	1,697	1,641	56
Non-current financial liabilities	25	373	382	−9
Net defined benefit liabilities	28	497	320	176
Long-term provisions	27	519	603	−84
Long-term liabilities		**3,087**	**2,947**	**140**
Total liabilities		**3,618**	**3,427**	**191**
EQUITY				
Valuation reserves		508	721	−213
Reserves from associated entities	20	254	246	8
Donations, grants, co-financing		1,024	948	76
Other equity*		1,346	1,407	−61
Total equity		**3,133**	**3,322**	**−190**
TOTAL LIABILITIES AND EQUITY		**6,750**	**6,749**	**1**

* Year 2022 restated as per Note 2.

Consolidated statement of changes in equity

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

				Other equity*					
CHF millions	Valuation reserves	Reserves from associated entities	Donations, grants, co-financing	Teaching and research reserves	Infrastructure and administration reserves	Reserves with internal dedication	Reserves without dedication	Accumulated surplus (+)/deficit (–)	Total equity
2022									
Value as of 01.01.2022	**424**	**271**	**953**	**674**	**112**	**786**	**575**	**36**	**3,045**
Changes from restatement as of 01.01.*	**–7**	**–**	**–**	–	–	**–**	**–**	**4**	**–3**
Value as of 01.01.2022*	**417**	**271**	**953**	**674**	**112**	**786**	**575**	**40**	**3,042**
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 (–)								**–25**	**–25**
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**	**65**	**280**
Value as of 31.12.2022*	**721**	**246**	**948**	**658**	**83**	**741**	**561**	**105**	**3,322**
2023									
Value as of 01.01.2023	**721**	**246**	**948**	**658**	**83**	**741**	**561**	**105**	**3,322**
Items directly recognised in equity:									
Revaluation of defined benefit liability	**–213**								**–213**
Changes in investments in associated entities		**–**						**–**	**–**
Other changes								**1**	**1**
Total items directly recognised in equity	**–213**	**–**						**1**	**–212**
Surplus (+) or deficit (–)								**23**	**23**
Transfers in current period		**8**	**76**					**–84**	**–**
Transfer of reserves with internal dedication				–79	–40	**–119**	**119**		**–**
Appropriation of reserves							**–180**	**180**	**–**
Currency translations								**–**	**–**
Total changes	**–213**	**8**	**76**	**–79**	**–40**	**–119**	**–61**	**119**	**–190**
Value as of 31.12.2023	**508**	**254**	**1,024**	**579**	**43**	**622**	**500**	**225**	**3,133**

* Includes effects from the first-time application of IPSAS 41 Financial Instruments and corrections relating to the opening balance sheet of 2022, which are explained in Note 2, section "Adjustments to the comparative period".

Equity decreased in the reporting period from CHF 3,322m to CHF 3,133m. The decrease in equity by CHF 190m can primarily be attributed to the decline in the revaluation reserves from net defined liabilities of CHF 213m. The reporting period closed with a positive result of CHF 23m.

Valuation reserves

The valuation reserves comprise the accumulated actuarial and investment net gains on defined benefit pension plans (CHF 508m). The revaluation loss of CHF 213m recorded during the reporting period can mainly be attributed to the changes in financial assumptions (reduction in the discount rate), which were offset by a positive return on investments (for details, see Note 28 Defined Benefit Plans).

Donations, grants, co-financing

Donations, grants, co-financing increased by CHF 76m. On the one hand, more new contracts were concluded than funds were used, and on the other, a positive result was achieved from asset management mandates.

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 119m. Appointment commitments in the amount of CHF 104m (2022: CHF 111m) of ETH Zurich were included in the total figure for 2023.

Reserves were also reduced at ETH Zurich as a result of funds being used for the HPCN / Alps Supercomputer, for project progress at ETH+ / Open ETH, at the ETH-PSI Center for Quantum Computing, for ETH Zurich research grants and for appointment commitments. Reserve funds were also appropriated in connection with investments for the SLS 2.0 upgrade at the PSI, construction progress of the Empa research campus and implementation of the Cryo-EM project at EPFL. New commitments were recorded at the PSI for the ESUP project launched in connection with the SLS 2.0 upgrade, at Empa for research activities on climate mitigation and at Eawag for the laboratory conversion planned for 2024. Since the replacement new building at WSL could not be realised as planned for cost reasons, the funds saved for this purpose were reclassified as reserves without dedication. There was also a reclassification at EPFL in connection with the merger of reserves for investment peaks in planned infrastructure buildings.

Reserves without dedication

The reserves without dedication were reduced by CHF 61m in the reporting period. The reduction was related to the promotion of fewer 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 as well as an increase in personnel, material and energy costs, which contributed to the decline in the reserves.

Accumulated surplus/deficit

The accumulated surplus of CHF 225m as of 31 December 2023 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	2023	2022 restated	Change absolute
CASH FLOWS FROM OPERATING ACTIVITIES*				
Surplus (+) or deficit (–)*		**23**	**–25**	**48**
Depreciation*	21, 23	296	247	49
Share of surplus/deficit of associated entities and joint ventures	20	–8	25	–33
Net finance income/expense (non-cash)*	15	–33	5	–38
Increase/decrease in net working capital		–16	45	–60
Increase/decrease in net defined benefit liabilities	28	–36	10	–46
Increase/decrease in provisions	27	–87	–6	–80
Increase/decrease in non-current receivables	17	–48	–62	13
Increase/decrease in dedicated third-party funds	29	57	36	22
Reclassifications and other (non-cash) income*		70	1	69
Cash flows from operating activities*		**218**	**274**	**–56**
CASH FLOWS FROM INVESTING ACTIVITIES*				
Investments				
Purchase of property, plant and equipment*	21	–332	–287	–45
Purchase of intangible assets	21	–9	–5	–4
Increase in co-financing	23	–	–	–
Increase in loans	22	–	–	–
Increase in current and non-current financial assets*	22	–85	–1,286	1,201
Total investments *		**–425**	**–1,579**	**1,154**
Divestments				
Disposal of property, plant and equipment	21	3	1	2
Disposal of intangible assets	21	–	–	–
Decrease in co-financing	23	–	–	–
Decrease in loans	22	–	–	–
Decrease in current and non-current financial assets*	22	552	164	388
Total divestments*		**555**	**165**	**390**
Dividends received from associated entities and Joint Ventures	20	–	1	–1
Cash flows from investing activities*		**130**	**–1,413**	**1,543**
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase in short-term and long-term financial liabilities	25	4	8	–5
Decrease in short-term and long-term financial liabilities	25	–12	–11	–1
Cash flows from financing activities		**–8**	**–2**	**–6**
Total cash flow		**341**	**–1,141**	**1,482**
Cash and cash equivalents at the beginning of the period	16	**721**	**1,862**	**–1,141**
Total cash flow * **		**341**	**–1,141**	
Cash and cash equivalents at the end of the period*	16	**1,061**	**721**	**340**
Net effect of currency translation on cash and cash equivalents		–1	–	–2
Contained in the cash flows from operating activities:				
Dividends received		5	5	–
Interest received*		2	1	1
Interest paid		–8	–8	–

* Year 2022 restated as per Note 2.
** Year 2023 includes reclassification from current financial assets of 508 CHF million

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 2023 to 31 December 2023. The reporting date is 31 December 2023. 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 7.1)

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	**Title**	**Effective Date**
IPSAS 43	Leases	01.01.2025
IPSAS 44	Non-current Assets Held for Sale and Discontinued Operations	01.01.2025
IPSAS 45	Property, Plant and Equipment	01.01.2025
IPSAS 46	Measurement	01.01.2025
IPSAS 47	Revenue	01.01.2026
IPSAS 48	Transfer Expenses	01.01.2026
IPSAS 49	Retirement Benefit plans	01.01.2026

The above-mentioned standards and improvements to the IPSAS have not been applied early in these annual consolidated financial statements. The ETH Domain is currently analysing the expected impacts of the following standards on the annual consolidated financial statements:

- IPSAS 43 *Leases* replaces the previous standard for the recognition of lease agreements, IPSAS 13. IPSAS 43 introduces a uniform approach for lessees for the financial reporting of lease agree-
ments, 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 can be used. The standard also includes various expedients for its initial application. 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 expects that the first-time application of IPSAS 43 will have a significant impact on the financial statements of the ETH Domain. However, a reliable estimate of the impact of the application of IPSAS 43 can only be made once our detailed analyses have been completed.
- IPSAS 44 Non-current Assets Held for Sale and Discontinued Operations governs the accounting and measurement of assets held for sale and specifies the presentation and disclosure of discontinued operations.
- IPSAS 45 Property, Plant and Equipment replaces the previous standard on the same topic, IPSAS 17. The new standard includes an additional measurement model ("current operational value"). The capitalisation and disclosure of cultural items that meet the definition of property, plant and equipment are also included in the standard.
- IPSAS 46 Measurement introduces principles for initial and subsequent measurements that apply to all IPSAS. On the one hand, it for the first time includes general guidelines on the fair value. It also introduces a new additional measurement model ("current operational value"), which provides an alternative measurement basis for certain public sector assets.
- IPSAS 47 Revenue replaces the previous standards IPSAS 9 Revenue from Exchange Transactions, IPSAS 11 Construction Contracts and IPSAS 23 Revenue from Non-Exchange Transactions. Under the new standard, it must be determined for accounting purposes whether the revenue originates from a binding agreement or whether there is no binding agreement in place. A binding agreement is an agreement that confers both rights and obligations on the parties that can be enforced by legal or equivalent means. The difference affects both the time at which the revenue is recognised and the recognition of assets and liabilities that are associated with revenue transactions.
- IPSAS 48 Transfer Expenses contains provisions on the recognition and disclosure of transfer expenses and thus closes an existing gap in the IPSAS. As is the case with IPSAS 47 Revenue, the standard is based on the concept of binding agreements. The recognition of transfer expenses depends on whether the transaction includes an enforceable right to the fulfilment of the obligations (by the recipient of the transfer). Such an enforceable right is recognised by the transferor and subsequently recognised as an expense when the enforceable right expires.

Standards that entered into force during the reporting period

On 1 January 2023, IPSAS 42 Social Benefits and part of the Improvements to IPSAS, 2021 entered into force. The initial application of these standards had no material impact on the consolidated financial statements of the ETH Domain. IPSAS 41 Financial Instruments also entered into force on 1 January 2023. This standard was applied early by the ETH Domain as of 1 January 2022.

Adjustments to the comparative period

Based on the requirements in IPSAS 3 Accounting policies, changes in accounting estimates and errors, the ETH Domain has retrospectively adjusted the comparative period 2022 as laid out below. These corrections individually and collectively are not material for the consolidated financial statements of the ETH Domain. For reasons of consistency with the annual financial statements of the institutions, they are made by retroactively adjusting the comparative period.

This led to the following adjustments:

- A reclassification of cash equivalents to current financial assets of CHF 21m on a net basis resulted in a reduction in the cash flow of 2022 by the same amount.
- There were further reclassifications within the cash flow statement, which led to an increase in the cash flow from operating activities and a reduction in the cash flow from investing activities of CHF 23 million. Interest received was also restated.
- Depreciation of fixed assets before 2022 and during 2022 were both increased by CHF 4 million in order to correctly reflect the appropriate date of inception of use.

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 5: Principal currencies

		Closing rate as of		Average rate	
Currency	Unit	31.12.2023	31.12.2022	2023	2022
EUR	1	0.9298	0.9874	0.9717	1.0048
USD	1	0.8418	0.9250	0.8988	0.9550
GBP	1	1.0716	1.1187	1.1171	1.1791
JPY	1,000	5.9650	7.0540	6.4100	7.2950
SGD	1	0.6378	0.6898	0.6692	0.6923

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 6: 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 up to CHF 1 million	10 years	10 years
Leasehold improvements from CHF 1 million	according to components	according to components
Buildings and structures	according to components[1]	according to components[1]
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 [2]

1 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.
2 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 with a purchase value of CHF 1 million or above, components with a purchase value that is significant in relation to the total purchase value are recognised and depreciated separately based on their specific 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

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 sheet

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

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 (FV statement of financial performance):
  - 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 2023, using actuarial assumptions as of 31 December 2023 (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 2023. The fair value of the plan assets is used including estimated performance as of 31 December 2023.

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 structural funding gap based on BVG currently exists or may arise. 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. Any funding gap based on IPSAS that may remain 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):
This position contains 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 in connection with SQIE

When accounting for the long-term lease contract of the Société pour le Quartier de l'Innovation (SQIE), EPFL applied the following significant management judgements:

- The lease is classified as finance lease because the main risks and rewards incidental to ownership are transferred to EPFL.
- The termination of the lease after 30 years was considered the most likely scenario. This hypothesis does not impose any formal obligation upon the EPFL to terminate the lease.

Finance lease in connection with SQNE

With regards to the lease contract of the Société pour le Quartier Nord de l'EPFL (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 amount 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 and the new STCC lease continue to qualify as finance leases.

- Based on the purchase agreement, the residual value of the STCC has been derecognized as of 31 December 2022 and replaced by the building purchase price agreed with Credit Suisse Funds AG, increased by the rental costs until 31 December 2026 (latest possible and contractually specified change of ownership) as well as the VAT effects on the construction costs (reduction of the input tax deduction) also calculated as of 31 December 2026. The financial obligation as of 31 December 2022 has been adjusted accordingly.
- The lease of the Centre de Logement is still classified as a finance lease due to the transfer of the main risks and rewards incidental to ownership to EPFL and the long-term nature of the lease. As a result of the 10-year lease extension, the value of the Centre de Logement as of 31 December 2022 has increased by the present value of the additional rental years. The depreciation period for building elements with a useful life of more than 30 years has been extended to 40 years from 1 January 2023. This reduces depreciation and the financial obligation as of 31 December 2022 has been adjusted accordingly.

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 drawing 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 EPFL's accumulated surplus in 2022.

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 499m (previous year: CHF 536m, see Note 27 Provisions) are based on estimates of the Federal Government's and the ETH Domain's disposal costs in accordance with the cost study for deep geological disposal issued by Swissnuclear in 2021 (CS21). The study was duly noted by the Federal Council on 15 December 2023. The lower total costs of the 2021 cost study compared to the 2016 cost study were again allocated to the affected entities in 2023. As a result, the corresponding provisions at PSI have been reduced by CHF 84m in the reporting year. The total provision 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.

5 Comparison with the budget

Table 7: Statement of financial performance for the ETH Domain (consolidated) – Comparison between the 2023 statement and the final 2023 budget

CHF millions	Budget 2023			Actual 2023	Changes to B2023 Final absolute
	Approved	Reconciliation of federal financial contribution/ IPSAS effects	Final		
Federal financial contribution	2,522	13	2,535	2,535	–
Federal contribution to accommodation	195	–	195	195	–
Total federal contribution	**2,717**	**13**	**2,730**	**2,730**	**–**
Tuition fees, continuing education	**58**	**–**	**58**	**61**	**4**
Swiss National Science Foundation (SNSF)	301	–	301	287	– 14
Swiss Innovation Agency (Innosuisse)	47	–	47	48	–
Special federal funding of applied research	91	–	91	92	1
EU Framework Programmes for Research and Innovation (EU-FPs)	148	–	148	149	2
Industry-oriented research (private sector)	145	–	145	140	– 5
Other project-oriented third-party funding (incl. cantons, municipalities, international organisations)	103	–	103	106	3
Research contributions, mandates and scientific services	**835**	**–**	**835**	**822**	**– 12**
Donations and bequests	**96**	**–**	**96**	**159**	**63**
Other revenue	**135**	**–**	**135**	**155**	**21**
Operating revenue	**3,840**	**13**	**3,854**	**3,929**	**75**
Personnel expenses	2,596	– 34	2,562	2,549	– 13
Other operating expenses	928	–	928	1,037	109
Depreciation	286	–	286	296	10
Transfer expenses	124	13	138	62	– 76
Operating expenses	**3,935**	**– 20**	**3,915**	**3,944**	**30**
OPERATING RESULT	**– 94**	**34**	**– 61**	**– 16**	**45**
NET FINANCE INCOME/EXPENSE	**– 2**	**–**	**–2**	**30**	**32**
Share of surplus/deficit of associated entities and joint ventures	–	–	–	8	8
SURPLUS (+) OR DEFICIT (–)	**– 96**	**34**	**– 62**	**23**	**85**

Table 8: Reallocation of funds ETH Domain, Budget 2023

CHF millions	ETH Board	ETH Zurich	EPFL	PSI	WSL	Empa	Eawag	Total Credit
Status as at 01.01.2023 (federal decree Ia of 8.12.2022)	**75.7**	**1,221.6**	**698.4**	**315.0**	**58.9**	**93.8**	**58.2**	**2,521.6**
Changes:								
Credit reallocation: flexibility								
Credit reallocation in favour of credit A231.0181, fed. gov. financial contribution in acc. with Financial Budget Ordinance (FBO) Art. 20 para. 5	–	4.5	1.9	5.6	2.5	−3.0	2.1	13.5
Assignments by ETH Board:								
Strategic proposals teaching and research	−22.7	6.9	4.5	2.8	0.5	5.2	2.8	–
Credit reallocations within Strategic Focus Areas (SFA) and Joint Initiatives (JI) within the Strategic Areas:								
Personalized Health and Related Technologies (SFA)	−13.9	8.2	5.0	0.6	0.1	–	–	–
Advanced Manufacturing (SFA)	−3.7	0.8	0.8	0.4	–	1.7	–	–
Data Science (SFA)	−11.5	5.5	5.0	0.6	0.4	0.1	–	–
Energy, Climate and Sustainable Environment (JI)	−10.0	3.3	2.1	2.2	1.0	0.9	0.6	–
Engagement and Dialogue with Society (JI)	−2.4	1.3	0.2	0.1	0.4	0.2	0.2	–
Various reallocations of funds	–	–	−0.3	−1.1	–	1.2	0.1	–
Status as at 31.12.2023	**11.5**	**1,252.1**	**717.4**	**326.3**	**63.8**	**99.9**	**64.0**	**2,535.0**

The budget for 2023 approved by Parliament on 8 December 2022 includes a federal financing contribution in the amount of CHF 2,522m (Volume 3 of the federal decrees). The consolidated surplus or deficit of the proposed budget for 2023, according to the ETH Board's 2023 Budget Report for the ETH Domain (June 2022) amounted to −CHF 96m.

The final budget for 2023 shows an adjustment compared to the approved budget for 2023, which led to the budgeted annual deficit of −CHF 62m for 2023. This relates to the recognition of net pension costs of −CHF 34m under personnel expenses in accordance with IPSAS 39.

By contrast, the reallocation of funds as shown in the table above had no effect on the budgeted surplus or deficit for 2023, as revenue and expenses also changed to the same extent:

- Reallocation of funds within the ETH Domain;
- Budget-neutral credit reallocation of CHF 13.5m (2022: −CHF 20.9m) from the ETH Domain investment credit for buildings (credit A202.0134, AU 620 FOBL) to the ETH Domain's financial contribution (credit A202.0181 AU 701 EO-EAER). 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. 8(5) of FedD Ia on the 2023 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 2023.

The other figures in the final 2023 budget reflect the approved budget in accordance with the 2023 Budget Report issued by the ETH Board for the ETH Domain.

6 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.

Statement of financial performance by segments

Table 9: Statement of financial performance 2023 by segments

	2023							
CHF millions	ETH Zurich	EPFL	PSI	WSL	Empa	Eawag	ETH Board	ETH Domain*
Federal financial contribution	1,252	717	326	64	100	64	12	2,535
Federal contribution to accommodation	113	47	16	3	11	3	1	195
Total federal contribution	**1,365**	**765**	**342**	**67**	**111**	**67**	**12**	**2,730**
Tuition fees, continuing education	**37**	**22**	**2**	**–**	**–**	**–**	**–**	**61**
Swiss National Science Foundation (SNSF)	144	101	19	9	9	6	–	287
Swiss Innovation Agency (Innosuisse)	22	13	2	–	10	–	–	48
Special federal funding of applied research	40	18	10	14	7	5	–	92
EU Framework Programmes for Research and Innovation (EU-FPs)	74	54	10	2	9	1	–	149
Industry-oriented research (private sector)	61	53	14	–	12	–	–	140
Other project-oriented third-party funding (incl. cantons, municipalities, international organisations)	42	45	18	7	5	2	–	106
Research contributions, mandates and scientific services	**383**	**285**	**73**	**32**	**51**	**15**	**–**	**822**
thereof transitional measures Confederation	27	26	2	1	5	–	–	62
Donations and bequests	**132**	**23**	**1**	**–**	**4**	**–**	**–**	**159**
Other revenue	**39**	**64**	**60**	**3**	**9**	**–**	**–**	**155**
Operating revenue	**1,956**	**1,158**	**479**	**103**	**175**	**83**	**12**	**3,929**
Personnel expenses	1,261	741	283	78	122	57	11	2,549
Other operating expenses	534	323	108	21	44	20	4	1,037
Depreciation	119	82	78	2	14	3	–	296
Transfer expenses	29	32	2	2	1	–	12	62
Operating expenses	**1,942**	**1,178**	**471**	**102**	**181**	**80**	**27**	**3,944**
OPERATING RESULT	**14**	**– 20**	**7**	**1**	**– 6**	**3**	**– 15**	**– 16**
NET FINANCE INCOME/EXPENSE	**27**	**–1**	**2**	**–**	**1**	**–**	**1**	**30**
Share of surplus/deficit of associated entities and joint ventures	9	– 1	–	–	–	–	–	8
SURPLUS (+) OR DEFICIT (–)	**50**	**– 21**	**10**	**1**	**– 6**	**3**	**– 14**	**23**

* Including consolidation entries (Research contributions, mandates and scientific services: –CHF 16m; Donations and bequests: –CHF 1m; Other revenue: –CHF 21m; Personnel expenses: –CHF 4m; Other operating expenses: –CHF 17m; Transfer expenses: –CHF 16m)

Table 10: Statement of financial performance 2022 by segments

CHF millions	ETH Zurich	EPFL	PSI	WSL	Empa	Eawag	ETH Board	ETH Domain**
	2022							
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**	**61**	**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	79	2	13	4	–	247
Transfer expenses	28	32	1	2	–	–	12	60
Operating expenses	**1,877**	**1,072**	**459**	**101**	**176**	**79**	**26**	**3,754**
OPERATING RESULT	**3**	**70**	**5**	**– 6**	**– 22**	**– 1**	**– 23**	**26**
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**	**6**	**– 6**	**– 22**	**– 1**	**– 23**	**– 25**

* Year 2022 restated as per Note 2.

** 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)

Balance sheet by segments

Table 11: Balance sheet as of 31 December 2023 by segments

CHF millions	31.12.2023 ETH Zurich	EPFL	PSI	WSL	Empa	Eawag	ETH Board	ETH Domain*
CURRENT ASSETS								
Cash and cash equivalents	224	507	117	44	80	55	34	1,061
Current receivables from non-exchange transactions	303	246	67	30	44	12	–	697
Current receivables from exchange transactions	23	19	20	1	4	3	–	65
Current financial assets and loans	851	127	41	34	43	29	–	1,124
Inventories	7	2	3	–	–	–	–	12
Prepaid expenses and accrued income	26	19	11	–	2	2	–	60
Total current assets	**1,434**	**921**	**258**	**109**	**173**	**100**	**34**	**3,018**
NON-CURRENT ASSETS								
Property, plant and equipment	742	522	769	11	72	20	–	2,136
Intangible assets	2	53	4	–	1	–	–	60
Non-current receivables from non-exchange transactions	732	230	107	32	45	14	–	1,098
Non-current receivables from exchange transactions	–	–	–	–	–	–	–	–
Investments in associated entities and joint ventures	207	39	7	–	–	–	–	254
Non-current financial assets and loans	6	8	3	–	–	–	69	80
Co-financing	39	60	–	–	6	–	–	105
Total non-current assets	**1,729**	**912**	**889**	**43**	**124**	**34**	**69**	**3,732**
TOTAL ASSETS	**3,163**	**1,833**	**1,148**	**152**	**297**	**134**	**102**	**6,750**
LIABILITIES								
Current liabilities	140	44	25	7	9	3	1	217
Current financial liabilities	2	15	–	–	–	–	–	17
Accrued expenses and deferred income	107	71	11	3	6	2	–	200
Short-term provisions	40	27	15	5	6	3	1	97
Short-term liabilities	**290**	**157**	**51**	**14**	**21**	**8**	**2**	**531**
Dedicated third-party funds	796	564	121	78	105	33	–	1,697
Non-current financial liabilities	17	363	–	–	–	–	62	373
Net defined benefit liabilities	238	135	65	17	28	11	3	497
Long-term provisions	29	16	465	3	4	2	–	519
Long-term liabilities	**1,080**	**1,078**	**652**	**98**	**137**	**46**	**65**	**3,087**
Total liabilities	**1,370**	**1,235**	**703**	**113**	**157**	**54**	**67**	**3,618**
EQUITY								
Valuation reserves	233	149	60	19	30	14	3	508
Reserves from associated entities	207	39	7	–	–	–	–	254
Donations, grants, co-financing	832	155	22	–	11	2	2	1,024
Other equity**	521	255	355	21	98	64	31	1,346
Total equity	**1,793**	**599**	**445**	**40**	**140**	**80**	**36**	**3,133**
TOTAL LIABILITIES AND EQUITY	**3,163**	**1,833**	**1,148**	**152**	**297**	**134**	**102**	**6,750**

* Including consolidation entries (Current assets: –CHF 11m, Non-current assets: –CHF 69m, Liabilities: –CHF 80m).

** 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 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	127	48	90	51	49	721
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	40	33	45	28	–	1,561
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	856	10	67	20	–	2,172
Intangible assets*	4	52	2	–	1	–	–	58
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**	**996**	**30**	**120**	**29**	**60**	**3,701**
TOTAL ASSETS	**3,060**	**1,853**	**1,243**	**136**	**298**	**121**	**109**	**6,749**
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	343	20	106	62	44	1,407
Total equity	**1,847**	**677**	**461**	**46**	**158**	**83**	**51**	**3,322**
TOTAL LIABILITIES AND EQUITY	**3,060**	**1,853**	**1,243**	**136**	**298**	**121**	**109**	**6,749**

* Year 2022 restated as per Note 2.
** 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.

7 Total federal contribution

Federal financial contribution

Table 13: Federal financial contribution

CHF millions	2023	2022	Change absolute
Federal financial contribution	**2,535**	**2,441**	**94**

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 94m or 4% compared to 2022. In 2023, funds in the amount of CHF 13m were shifted from the investment credit to the financial contribution (2022: CHF 21m from the financial contribution to the investment credit).

The financial contribution to the institutions of the ETH Domain were as follows:
- the **base budget** of CHF 2,389m (2022: CHF 2,309m) and
- the **strategic funds for projects in teaching and research** of CHF 158m (2022: CHF 146m) 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 23m (2022: CHF 25m) 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 (2022: CHF 29m)
- For 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 / Alps) (2022: CHF 23m);
  - CHF 22m for the continuation of the "Blue Brain Project" at EPFL (2022: CHF 22m);
  - CHF 25m for the upgrade of the Swiss Light Source at the PSI (SLS 2.0) (2022: CHF 35m)
  - CHF 3m for the development of the Catalysis Hub SwissCat+ for the research of catalytic processes of ETH Zurich and EPFL (2022: CHF 7m)
- CHF 8m for the Empa site master plan (new campus facility) (2022: CHF 8m)
- CHF 12m for joint initiatives in the two strategic focus areas “Energy, climate and ecological sustainability” and “Engagement and dialogue with society” (2022: Open Research Data project, ORD, CHF 8m)
- CHF 8m for various projects in the ETH Domain such as the “Quantum Matter and Materials Center (QMMC)”, the “ETH Domain Quantum Technology Network (QTNet)” and the CHART Collaboration project
- CHF 10m for climate protection measures for the buildings
- A total of CHF 18m for incentive and seed capital funding for strategic proposals for teaching and research (2022: CHF 15m).

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 449m based on the cost study of the Federal Government from 2021/cost estimate of the Federal Government from 2023. The annual savings contribution remained at CHF 11m (see Note 27 Provisions).

Federal contribution to accommodation

Table 14: Federal contribution to accommodation for the ETH Domain

CHF millions	2023	2022	Change absolute
Federal contribution to accommodation	**195**	**202**	**– 6**

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 interest was reduced relative to the previous year. The underlying imputed rate of return on average capital invested was 0.75% (2022: 1.0%).

8 Tuition fees, continuing education

Table 15: Tuition fees, continuing education

CHF millions	2023	2022	Change absolute
Tuition fees, continuing education	**61**	**58**	**4**

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).

The item tuition fees and continuing education contains all revenue received by the ETH Domain for its educational services. In the reporting period, CHF 37m (2022: CHF 36m) was attributable to ETH Zurich, CHF 22m (2022: CHF 19m) to EPFL and CHF 2m (2022: CHF 2m) to the PSI.

Revenue from tuition fees for Bachelor's and Master's programmes amounted to CHF 39m (ETH Zurich CHF 24m; EPFL CHF 15m) in the reporting period and CHF 38m in the previous year. The increase of CHF 1m relative to 2022 is related to the growth in the number of students. The number of Bachelor's and Master's students rose compared to 2022 (see Annual Report, Fig. 5: Students and doctoral students by academic level, p. 95).

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 amounted to CHF 5m in the reporting period (2022: CHF 5m).

Tuition fees and revenue from continuing education at both ETH Zurich and EPFL equate to just under 2% of the respective operating revenue in 2023.

9 Research contributions, mandates and scientific services

Revenue from research contributions, mandates and scientific services increased in 2023 by CHF 27m (+3%) to CHF 822m. This includes the contributions from transitional measures of the Federal Government due to the non-association of Switzerland in the Framework Programme for Research and Innovation "Horizon Europe", which increased by CHF 18m to CHF 62m in the reporting period.

Of the total revenue volume, CHF 655m or 80% was attributable to non-exchange transactions (IPSAS 23), generally research grants, and CHF 167m or 20% to exchange transactions (IPSAS 9), generally contract research and scientific services. Both of these shares have not changed over the years.

Table 16: Research contributions, mandates and services

CHF millions	2023	of which revenues (IPSAS 23)	of which revenues (IPSAS 9)	2022	of which revenues (IPSAS 23)	of which revenues (IPSAS 9)	Change absolute
Swiss National Science Foundation (SNSF)	287	287	–	268	268	–	19
Swiss Innovation Agency (Innosuisse)	48	48	–	44	44	–	3
Special federal funding of applied research	92	52	40	87	56	31	5
EU Framework Programmes for Research and Innovation (EU-FPs)	149	149	–	154	154	–	– 5
Industry-oriented research (private sector)	140	47	93	136	50	86	4
Other project-oriented third-party funding (incl. cantons, municipalities, international organisations)	106	72	34	105	64	42	1
Total research contributions, mandates and scientific services	**822**	**655**	**167**	**795**	**637**	**159**	**27**

Table 17: Ordinary research grants and transitional measures of the Federal Government

CHF millions	2023	thereof regular research funding	thereof transitional measures Confedera-tion	2022	thereof regular research funding	thereof transitional measures Confedera-tion	Change absolute
Swiss National Science Foundation (SNSF)	287	272	15	268	267	1	19
Swiss Innovation Agency (Innosuisse)	48	47	1	44	44	–	3
Special federal funding of applied research	92	90	2	87	87	–	5
EU Framework Programmes for Research and Innovation (EU-FPs)	149	106	43	154	137	17	– 5
Total regular research funding/transitional measures Confederation		**515**	**62**		**536**	**18**	

Revenue from research contributions, mandates and scientific services corresponds to the result of research contributions and scientific services rendered in the reporting period. The revenue per fund organisation as well as the change against the previous year thus depend largely on the working progress of many projects. The trend in the individual categories is as follows:

The project revenue from the Swiss National Science Foundation (SNF) increased by CHF 19m (+7%) to CHF 287m. This includes transitional measures of CHF 15m. Around 85% of the revenue was once again allocated to the two Federal Institutes of Technology (ETH Zurich: CHF 144m; EPFL: CHF 101m).

ETH Zurich once again recognised the highest shares of projects funded by Innosuisse (2023: CHF 22m; 2022: CHF 20m), followed by EPFL (2023: CHF 13m; 2022: CHF 11m) and Empa (2023: CHF 10m; 2022: CHF 12m).

The special federal funding of applied research increased in the reporting period by CHF 5m (+ CHF 6%) to CHF 92m. The highest revenue was once again recorded by ETH Zurich (CHF 40m), EPFL (CHF 18m), WSL (CHF 14m) and the PSI (CHF 10m).

Thanks to transitional measures of the Federal Government in the amount of CHF 43m, the high implementation level of the EU-FP for the previous year was almost maintained (2023: CHF 149m; 2022: CHF 154m). ETH Zurich and EPFL recorded a decrease of – CHF 4m and – CHF 5m, respectively.

Revenue from cooperation with the private sector was increased in 2023 by CHF 4m (+3%) to CHF 140m. An increase was registered by the PSI (+ CHF 6m) and EPFL (+ CHF 3m). The revenue of ETH Zurich (– CHF 4m) and Empa declined (– CHF 1m). Revenue from research projects, which is mainly based on projects with exchange transactions (IPSAS 9), depends on project progress and has 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 1% to CHF 106m. The decrease for EPFL of –CHF 3m was compensated for by increases at the other institutions. The largest increase in absolute terms was recorded by the PSI with + CHF 3m, followed by WSL (+ CHF 2m) and Eawag (+ CHF 1m).

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 18: Donations and bequests

CHF millions	2023	2022	Change absolute
Donations and bequests	**159**	**138**	**21**

In the reporting period, more new contracts were signed than in the previous year, leading to an increase in donations and bequests relative to 2022. At ETH Zurich, revenue from donations (excluding rights of use and benefits in kind) increased by CHF 28m to CHF 130m. This increase reflects a higher volume of newly concluded contracts. At EPFL, revenue from donations and bequests (excluding rights of use and benefits in kind) decreased compared to the previous year by -CHF 8m to CHF 18m. For Empa, donations and bequests increased relative to the previous year from CHF 2m to CHF 4m, which is mainly attributable to successful fundraising.

Table 19: In-kind contributions

CHF millions	2023	2022	Change absolute
Goods in-kind	–	–	–
Donated rights	5	6	–1
Total in-kind contributions recognised as revenue	**5**	**7**	**–2**
Services in-kind	–	–	–
Total in-kind contributions not recognised as revenue	**–**	**–**	**–**
Total in-kind contributions received	**5**	**7**	**–2**

As in the previous year, CHF 4m of the revenue from in-kind contributions of CHF 5m arising from the donated rights originates from EPFL for the use of the Microcity building in Neuchâtel as well as Industry 17 in Sion. CHF 1m (2022: CHF 3m) was recognised by ETH Zurich as revenue, also from rights of use.

11 Other revenue

Table 20: Other revenue

CHF millions	2023	2022	Change absolute
Licences and patents	12	9	3
Sales	10	10	−1
Refunds	3	3	–
Other services	57	55	2
Real estate revenue	39	37	1
Return subject to levy according to the ordinance on the Finance and Accounting of the ETH Domain	4	4	−1
Profit from disposals (property, plant and equipment)	–	–	–
Own work capitalised	7	4	2
Other miscellaneous revenue	25	23	2
Total other revenue	**155**	**146**	**9**

An increase in other revenue in the reporting period was attributable to, among other things, the rise in revenue from licences and patents (+CHF 3m) at EPFL in connection with the sale of a start-up. In addition, slightly higher revenue was generated in other services and other miscellaneous revenue (+ CHF 2m each). Other services primarily includes revenue from medical services of the PSI, such as proton therapy, and revenue from the management of the EPFL SwissTech Convention Center. Other miscellaneous revenue includes, among other things, revenue from events and conferences.

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 also contains revenue from energy sales. Details of the charges paid can be found under other operating expenses in Note 13.

Around CHF 39m (2022: CHF 35m) of the other revenue is again attributable to the subconsolidated 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 21: Personnel expenses

CHF millions	2023	2022	Change absolute
Professors	227	221	6
Scientific personnel	1,021	995	26
Technical and administrative personnel, apprentices, trainees	889	843	45
IC, Suva and other refunds	− 12	− 12	–
Total salaries and wages	**2,125**	**2,048**	**77**
Social insurances OASI/DI/IC/MB	136	132	4
Net pension costs	216	255	− 38
Accident and sickness insurance Suva (BU/NBU/KTG)	7	7	–
Employer's contribution to Family Compensation Fund (FAK/FamZG)	33	32	1
Total social insurance schemes and pension expenses	**393**	**426**	**− 33**
Other employer contributions	–	–	–
Temporary personnel	8	8	− 1
Change in provisions for untaken leave and overtime	− 3	−3	1
Change in provisions for contributions to long-service awards	3	1	1
Other personnel expenses	23	22	1
Total personnel expenses	**2,549**	**2,503**	**46**

The average number of full-time equivalents (FTEs) (excluding apprentices) for the ETH Domain was 20,438 in the reporting period (2022: 20,117 FTEs) and increased by 1.6%.*

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 2023 (inflation adjustment of 2.5% [2022: 0.5%]). Furthermore, 1.2% of 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 actuarially calculated net pension costs led to a decrease in total personnel expenses of CHF 38m. 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 rather the year-end figure. This is 21,008.0 FTEs (including 477 apprentices). The figure in the annual report also excludes the FTEs of the controlled entities

13 Other operating expenses

Table 22: Other operating expenses

CHF millions	2023	2022	Change absolute
Expenses for goods and materials	164	154	10
Premises costs	330	327	3
Energy costs	148	75	73
IT expenses	106	110	− 4
Expenses for consultations, appraisals and guest lecturers	88	92	− 4
Library expenses	29	29	–
Other operating costs	172	157	15
Total other operating expenses	**1,037**	**944**	**93**

In the reporting period, the costs for non-capitalisable material assets, particularly at ETH Zurich and the PSI, were CHF 7m higher overall than in the previous year. This is mainly attributable to the increase in the item Expenses for goods and materials.

59% (2022: 62%) 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 6m (for explanations, see Note 7 Total federal contribution). The remaining items within the premises costs (external rental expenditure, cleaning/janitor services, maintenance, repairs and upkeep for real estate) increased by a total of CHF 10m, which resulted in a net increase of CHF 3m.

Due to a significant increase in energy prices, in particular, energy costs doubled against the previous year.

The increase in Other operating costs is primarily due to higher costs in the area of expenses (+ CHF 10m). Expense costs, which were significantly lower due to the coronavirus pandemic, are now on at the same level as the year 2019.

As in the previous year, the charge paid to the Federal Government from the transfer of use of state-owned real estate to third parties (Art. 33*a–f* of the Ordinance on Finance and Accounting of the ETH Domain) was CHF 1m. The charge on the sale of energy (Art. 2*b* of the Ordinance on Finance and Accounting of the ETH Domain) amounted to CHF 3m, on a par with the previous year. The corresponding revenue totalling CHF 4m is disclosed under Other revenue (see Note 11).

14 Transfer expenses

Table 23: Transfer expenses

CHF millions	2023	2022	Change absolute
Scholarships and grants to students and doctoral students	26	25	1
Contributions to research projects	23	25	− 2
Other transfer expenses	13	9	4
Total transfer expenses	**62**	**60**	**2**

Transfer expenses are contributions for which no direct payment is invoiced. ETH Zurich (+ CHF 1m), in particular, reported an increase in scholarships and grants to students and doctoral students during the reporting period. The contributions to research projects decreased to the level of 2021 after EPFL made a higher contribution in 2022.

15 Net finance income/expense

Table 24: Net finance income/expense

CHF millions	2023	2022	Change absolute
FINANCE INCOME			
Interest income	21	12	9
Income from investments	5	5	–
Changes in fair value of financial assets	28	4	24
Foreign currency gains	7	9	– 2
Other finance income	–	22	– 22
Total finance income	**62**	**52**	**9**
FINANCE EXPENSE			
Interest expense	8	8	–
Other financing costs for provision of capital	–	–	–
Changes in fair value of financial assets	5	56	– 52
Foreign currency losses	18	13	5
Impairments	–	–	–
Other finance expense	1	1	–
Total finance expense	**32**	**79**	**– 47**
Total net finance income/expense	**30**	**– 27**	**57**

The development on the financial markets in the reporting period led to a positive performance of investments, which was reduced primarily by foreign currency losses. Fair value gains were mainly generated by investment funds and other investments held.

Of the interest income, CHF 6m (2022: CHF 5m) was generated by interest from the compounding of receivables and CHF 13m (2022: CHF 6m) from financial assets placed with the Federal Government. The significant increase in interest income at all institutions resulted from higher interest on certain deposit accounts of the Federal Government. The investments that earned higher interest rates are classed as current financial assets due to restrictions on withdrawal.

The increasing strength of the Swiss franc in 2023 led to a net foreign currency loss of CHF 11m (previous year: loss of CHF 4m) in all foreign currencies relevant for the ETH Domain. In the reporting period, the foreign currency gains for assets recognised at fair value amounted to CHF 2m and CHF 6m for foreign currency losses.

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 25: Cash and cash equivalents

CHF millions	31.12.2023	31.12.2022 restated	Change absolute
Cash	1	1	–
Swiss Post	183	166	17
Bank	55	38	17
Short-term deposits (<90 days)*	822	516	306
Total cash and cash equivalents*	**1,061**	**721**	**340**

* Year 2022 restated as per Note 2.

In the reporting period, the increase in cash and cash equivalents was due to reallocations from current financial assets at EPFL, ETHZ and Empa for a total of CHF 508m. This includes a reallocation of CHF 433m by EPFL, which aims to generate higher interest income through holding short-term deposits with Swiss banks.

CHF 439m or 53% of the 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.

17 Receivables

Table 26: Receivables

CHF millions	31.12.2023	31.12.2022	Change absolute
RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS			
Receivables from project contracts and donations	1,785	1,656	129
Other receivables	12	12	–
Loss allowance	– 2	– 1	–
Total receivables from non-exchange transactions	**1,795**	**1,667**	**128**
of which current	697	622	75
of which non-current	1,098	1,045	54
RECEIVABLES FROM EXCHANGE TRANSACTIONS			
Trade accounts receivable	64	71	– 7
Other receivables	2	1	1
Loss allowance	– 2	– 1	– 1
Total receivables from exchange transactions	**65**	**72**	**– 7**
of which current	65	72	– 7
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 the previous year, receivables from the SNSF, Innosuisse and special federal funding of applied research as well as from municipalities, cantons and international organisations and donations and bequests increased, while they decreased from the EU FPs and the private sector. The other receivables from non-exchange transactions essentially included the assets from the settlement with social security institutions. Explanations on the value adjustments can be found in Note 30 Financial risk management and additional information about financial instruments.

18 Inventories

Table 27: Inventories

CHF millions	31.12.2023	31.12.2022	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.

19 Prepaid expenses and accrued income

Table 28: Prepaid expenses and accrued income

CHF millions	31.12.2023	31.12.2022	Change absolute
Interest	1	–	1
Prepaid expenses	34	37	– 3
Other prepaid expenses and accrued income	25	23	3
Total prepaid expenses and accrued income	**60**	**60**	**–**

The largest deferrals for prepaid expenses concerned rental payments in advance (CHF 8m), library expenses (CHF 6m) and information technology services (CHF 5m).

In particular, 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 17m.

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 the table below.

Table 29: Change in associated entities

CHF millions	2023	2022
As of 01.01.	**246**	**271**
Additions	–	–
Disposals	–	–
Dividends	–	– 1
Share of the annual surplus or deficit	8	– 25
Share of items directly recognised in equity	–	1
As of 31.12.	**254**	**246**

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 30: 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
31.12.2023					
Reporting date used	31.12.2023	31.12.2022	31.12.2022	31.12.2022	31.12.2023
Current assets	373	3	10	9	8
Non-current assets	333	36	136	15	24
Short-term liabilities*	51	1	5	–	4
Long-term liabilities*	509	23	70	–	3
Revenue	9	5	12	–	31
Surplus (+) or deficit (–)	8	2	1	–1	1
Dividends received from the associated entity	–	–	–	–	–
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	–	–	–	–	–

* 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 51m (short-term, previous year: CHF 48m) and CHF 509m (long-term, previous year: CHF 446m). 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 31: Aggregated information for individually immaterial associated entities

CHF millions	2023	2022
Revenue	39	43
Tax expense	–	1
Surplus (+) or deficit (–)	1	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 112m in the reporting period (2022: CHF 115m). At the PSI, investments were primarily made again in the large research facility The Swiss Light Source SLS (SLS 2.0 project). The other institutions also invested again in 2023 in technical/scientific equipment in the area of movable fixed assets. A selection of these investments are described in the chapter Report on the financial year of the ETH Domain under Property, plant and equipment on page 9.

The decrease in purchase values includes a non-cash one-off effect at the PSI amounting to CHF 84m. In accordance with IFRIC 1 (Changes in existing decommissioning, restoration and similar liabilities), the costs for the dismantling and disposal of the PSI's accelerator facilities are included in the purchase values. Based on the updated total cost estimate of the Federal Government for the dismantling of the nuclear installations/accelerator facilities and disposing of the radioactive waste, the accelerator facilities and the corresponding provisions in accordance with IFRIC 1 were reassessed in the reporting period, resulting in a reduction of CHF 84m each (see explanations in Note 4 Estimation uncertainty and management judgements and Note 27 Provisions). The carrying amount of the accelerator facilities in the consolidated financial statements amounted to CHF 334m as at 31 December 2023 (previous year: CHF 432m).

Information and communication:

A slight increase relative to the previous year is also evident in the procurement of IT hardware and communication media (2023: CHF 46m; 2022: CHF 41m). The two universities made a significant contribution to the increase with the purchase of additional hardware extensions for the high-performance computer HPCN/Alps (ETH Zurich) and server systems (EPFL).

Table 32: Change in property, plant and equipment and intangible assets in 2023

CHF millions	Large-scale research plants and equipment, machinery, furnishings, vehicles	Information and commu-nication	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 01.01.2023	**3,111**	**380**	**137**	**3,628**	**1,102**	**240**	**1,342**	**4,969**	**109**
Additions	112	46	97	256	16	68	84	340	10
Reclassifications	49	3	− 53	–	120	− 120	–	–	–
Disposals	− 163	− 17	− 4	− 184	− 33	− 1	− 33	− 217	− 4
Value as of 31.12.2023	**3,109**	**412**	**178**	**3,699**	**1,205**	**188**	**1,393**	**5,092**	**114**
ACCUMULATED DEPRECIATION									
Value as of 01.01.2023	**2,075**	**307**	**–**	**2,382**	**416**	**–**	**416**	**2,798**	**51**
Depreciation	173	40	–	213	71	–	71	284	7
Impairments	–	–	–	–	–	–	–	–	–
Reversed impairments	–	–	–	–	–	–	–	–	–
Reclassifications	–	–	–	–	–	–	–	–	–
Disposals value adjustments	− 78	− 17	–	− 95	− 31	–	− 31	− 125	− 4
Value as of 31.12.2023	**2,170**	**330**	**–**	**2,500**	**456**	**–**	**456**	**2,956**	**55**
Balance sheet value as of 31.12.2023	**939**	**82**	**178**	**1,199**	**749**	**188**	**937**	**2,136**	**60**
thereof leased assets				–	280		280	280	–

Immovable assets

Most of the real estate is owned by the Federal Government, meaning it is mainly leasehold improvements that are reported. Additions for leasehold improvements were reported by the ETH Zurich (CHF 10m), EPFL (CHF 3m) and the EPFL Innovation Park Foundation (FEIP, CHF 2m).

Leasehold improvements under construction show additions of CHF 68m in the reporting period. This mainly affected ETH Zurich at CHF 47m (primarily due to necessary construction activities), Empa at CHF 8m (for the expansion of the Empa-Eawag research campus master plan), the PSI at CHF 6m (for numerous smaller individual measures) and FEIP at CHF 4m (for the Ecotope on the Lausanne campus).

The property, plant and equipment leased in the amount of CHF 280m 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 60m consists largely of the rights of use for the Microcity building at EPFL (CHF 46m). The additions in the reporting period relate, in particular, to software acquired by EPFL, the PSI, ETH Zurich, Empa and WSL.

All asset categories are depreciated using the principles described in Note 3. Possible impairments are disclosed separately in Tables 32 and 33.

Table 33: 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	**3,111**	**380**	**137**	**3,628**	**1,102**	**240**	**1,342**	**4,969**	**109**
ACCUMULATED DEPRECIATION									
Value as of 01.01.2022*	**1,982**	**380**	**–**	**2,362**	**435**	**–**	**435**	**2,797**	**44**
Changes from restatement as of 01.01.*	3	1	–	4	−2	–	−2	2	1
Value as of 01.01.2022*	**1,985**	**381**	**–**	**2,366**	**433**	**–**	**433**	**2,799**	**45**
Depreciation*	171	32	–	204	63	–	63	267	7
Impairments	–	–	–	–	–	–	–	–	–
Reversed impairments	–	–	–	–	−30	–	−30	−31	–
Reclassifications	–	–	–	–	–	–	–	–	–
Disposals value adjustments	−81	−106	–	−188	−50	–	−50	−237	–
Value as of 31.12.2022*	**2,075**	**307**	**–**	**2,382**	**416**	**–**	**416**	**2,798**	**51**
Balance sheet value as of 31.12.2022*	**1,036**	**72**	**137**	**1,246**	**686**	**240**	**926**	**2,172**	**58**
thereof leased assets				–	292		292	292	–

* Year 2022 was restated in accordance with Note 2 (CHF +4 million). In addition, a correction already made in the 2022 financial report (CHF −2 million) is included.

22 Financial assets and loans

Table 34: Financial assets and loans

CHF millions	31.12.2023	31.12.2022 restated	Change absolute
CURRENT FINANCIAL ASSETS AND LOANS			
Securities, fixed deposits and investment funds	336	316	21
Positive replacement values	–	1	–
Other financial assets*	786	1,244	– 457
Loans	1	1	–
Total current financial assets and loans*	**1,124**	**1,561**	**– 437**
NON-CURRENT FINANCIAL ASSETS AND LOANS			
Securities and fixed deposits	–	–	–
Other financial assets	79	71	8
Loans	1	1	–
Total non-current financial assets and loans	**80**	**72**	**8**

* Year 2022 restated as per Note 2.

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 increase in the total of securities, fixed deposits and investment funds is mainly attributable to the positive 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 or a notice period of three to twelve months. The decrease in the total is primarily due to a reallocation to investments with third parties and an increase in the need for liquidity for operations (see Note 16 Cash and cash equivalents).

Other non-current financial assets include investments recognised at fair value (CHF 17m) and the non-current Federal Government deposit account (CHF 62m), 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.

Half 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). No significant value adjustments were recognised in respect of loans.

Of the total financial assets at the end of 2023 (CHF 1,202m), CHF 848m (2022 adjusted*: CHF 1,297m) was invested with the Federal Government and CHF 337m (2022: CHF 316m) was placed with financial institutions.

23 Co-financing

Table 35: Co-financing

CHF millions	2023	2022	Change absolute
PURCHASE VALUE			
As of 01.01.	**163**	**163**	**–**
Additions	–	–	–
Disposals	–	–	–
As of 31.12.	**163**	**163**	**–**
ACCUMULATED DEPRECIATION			
As of 01.01.	**54**	**49**	**5**
Depreciation	4	5	–
Disposals	–	–	–
As of 31.12.	**58**	**54**	**4**
Balance sheet value as of 31.12.	**105**	**109**	**–4**

24 Current liabilities

Table 36: Current liabilities

CHF millions	31.12.2023	31.12.2022	Change absolute
Trade payables	106	59	47
Liabilities to social insurance institutions	37	24	13
Other current liabilities	74	88	–14
Total current liabilities	**217**	**171**	**46**

The annual changes in liabilities are due to periodic fluctuations in payment behaviour.

The other current liabilities mainly reflect financial obligations towards the research partners involved in projects in which the institutions of the ETH Domain are the leading houses.

25 Financial liabilities

Table 37: Current and non-current financial liabilities – Summary

CHF millions	31.12.2023	31.12.2022	Change absolute
CURRENT FINANCIAL LIABILITIES			
Liabilities to financial institutes	–	–	–
Finance lease liabilities	9	11	– 1
Negative replacement values	2	–	2
Other financial liabilities	6	6	–
Total current financial liabilities	**17**	**17**	**1**
NON-CURRENT FINANCIAL LIABILITIES			
Finance lease liabilities	300	309	– 9
Other financial liabilities	73	73	1
Total non-current financial liabilities	**373**	**382**	**– 9**

Table 38: Current and non-current financial liabilities – Change

	2023			2,022		
CHF millions	Current	Non-current	Total	Current	Non-current	Total
Financial liabilities as of 01.01.	**17**	**382**	**398**	**14**	**327**	**341**
Increase in short-term and long-term financial liabilities	–	4	4	–	8	8
Decrease in short-term and long-term financial liabilities	– 12	–	– 12	– 10	– 1	– 11
Total cash transactions	**– 12**	**4**	**– 8**	**– 10**	**7**	**– 2**
Effect of changes in foreign exchange rates	3	–	3	–	–	–
Changes in fair values	–	–	–	–	–	–
Reclassifications	12	– 12	–	15	– 15	–
Other changes	– 3	–	– 3	– 2	62	60
Total non-cash transactions	**13**	**– 13**	**–**	**12**	**48**	**60**
Financial liabilities as of 31.12.	**17**	**373**	**391**	**17**	**382**	**398**

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 46m, previous year: CHF 48m). The annual decrease corresponds to a service received periodically and is recognised as non-cash revenue from donations.

Table 39: 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
	2023	2023	2023	2022	2022	2022
Due dates						
Due within 1 year	18	9	9	18	8	11
Due within 1 to 5 years	195	36	160	201	38	163
Due after more than 5 years	218	78	140	230	84	146
As of 31.12.	**431**	**122**	**309**	**449**	**130**	**320**

	2023	2022
LEASING EXPENSES		
Contingent lease payments expensed in period	–	–
ADDITIONAL DETAILS		
Future revenue from sublease (from non-cancellable contracts)	60	32

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. As at 31 December 2023, finance lease liabilities of SQNE amounted to CHF 210m. The present value of minimum lease payments at SQIE was CHF 84m as at the end of the reporting period. 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 40: Accrued expenses and deferred income

CHF millions	31.12.2023	31.12.2022	Change absolute
Interest	–	–	–
Deferred income	125	134	– 8
Other accrued expenses and deferred income	75	60	15
Total accrued expenses and deferred income	**200**	**194**	**6**

Deferred income especially includes service agreements and commissioned research from exchange transactions in accordance with IPSAS 9 (2023: CHF 121m: 2022: CHF 128m). Project implementation for IPSAS 9 projects led to a change in this item.

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 34m), EPFL (CHF 35m), the PSI (CHF 4m), Empa (CHF 2m) and Eawag (CHF 1m).

27 Provisions

Table 41: Provisions – Summary

CHF millions	31.12.2023	31.12.2022	Change absolute
Provisions for untaken leave and overtime	93	95	– 2
Other long-term employee benefits (IPSAS 39)	64	62	3
Dismantling	456	544	– 87
Guarantees and warranties	–	–	–
Litigations	1	1	1
Other provisions	1	1	–
Total provisions	**616**	**703**	**– 87**

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 2m in the reporting period. The change relates around 80% to the universities and around 20% to the research institutes.

The item 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 449m (2022: CHF 536m) for the dismantling of the accelerator facilities and the disposal of radioactive waste at the PSI. The change relative to the previous year is related to the implementation of the cost study for deep geological disposal issued by Swissnuclear in (CS21). The total costs of this study were distributed among the affected units in 2023. This led to a reduction in provisions for dismantling at the PSI in the amount of CHF 84m (see explanations in Note 4 Estimate uncertainty and management judgements). The remainder of the change (CHF 3m) relates to the use of funds for dismantling carried out (2022: CHF 4m). 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 42: Provisions – Change 2023

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 01.01.2023	**95**	**62**	**544**	**–**	**1**	**1**	**703**
Additions to provisions	1	11	–	–	1	–	12
Reversal	– 4	– 2	– 84	–	–	–	– 90
Use of provisions	–	– 6	– 3	–	–	–	– 9
Reclassifications	–	–	–	–	–	–	–
Increase in present value	–	–	–	–	–	–	–
Value as of 31.12.2023	**93**	**64**	**456**	**–**	**1**	**1**	**616**
of which current	93	–	3	–	1	–	97
of which non-current	–	64	453	–	–	1	519

Table 43: 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

28 Defined benefit plans

Most employees and pensioners of the institutions of the ETH Domain, as well as the staff and the President of the ETH Board, are insured under the ETH Domain's pension scheme with 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.

However, the existing balance for net defined benefit liabilities as at 31 December 2023 includes obligations under pension plans outside the ETH Domain's pension scheme with PUBLICA that amount to CHF 1m (2022: significantly below 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.

Benefits from the pension plans

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

The pension solution 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. There are pension plans for different groups of insured persons. The different pension plans provide benefits in excess of the minimum benefits required by law in the event of disability, death, old age and departure, i.e. what are known as "enveloping" plans (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. 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 (sharing of risk between insured persons and employer), which was introduced in 2020, remains unchanged (details can be found in Note 3 Accounting policies). Assumptions used for the valuation as at 31 December 2023 led to a funding gap under IPSAS, thus leading to the application of the expanded risk sharing approach.

The definitive regulatory funding ratio for the ETH Domain's pension scheme with PUBLICA in accordance with the Occupational Pension Ordinance (BVV 2) was 99.3% at the end of 2023 (2022: 97.2%). The definitive economic funding ratio for the ETH Domain's pension scheme with PUBLICA at the end of the year was 92.2% (2022: 96.5%). The external expert of the PUBLICA pension fund concluded in Spring 2023 that the ETH Domain pension scheme does not exhibit any structural issues. The expert expects that the pension scheme can overcome the deficit with a better performance on the financial markets. Based on this assessment, the Board of Directors has recommended to the Parity Commission of the ETH Domain's pension scheme that it not take any restructuring measures for the time being. The Parity Commission of the ETH Domain's pension scheme has agreed with this assessment.

Special events during the reporting period

The benefits of the insurance plan were adjusted in the current reporting period: The final age of bridging pensions for women will be gradually increased to 65 and the regulatory conversion rates for women born in 1964 or later will be aligned with those for men as of 1 January 2025. The increase in the final age of women's bridging pensions constitutes a change in the plan. The adjustment of the conversion rates for women is seen as a change in financial assumptions under the risk sharing approach.

Table 44: Net defined benefit liabilities/assets

CHF millions	31.12.2023	31.12.2022	Change absolute
Present value of defined benefit obligations	8,169	7,717	452
Less fair value of plan assets	–7,673	–7,397	–276
Recognised net defined benefit liabilities (+)/assets (–)	**497**	**320**	**176**

The overall increase in net defined benefit liabilities of CHF 176m results from an increase in the present value of defined benefit obligations and relatively lower growth of the fair value of plan assets. The decrease in the discount rate (31 December 2023: 1.5%/31 December 2022: 2.2%) and experience variance essentially increased the net defined benefit liabilities by CHF 498m and CHF 30m, respectively. Compensating for this, assumptions regarding salary development and the projected interest for retirement assets led to a reduction in net defined benefit liabilities of CHF 175m. Plan assets increased by CHF 276m due to the positive return on investments.

Of the total, CHF 1m (2022: significantly less than CHF 1m) of the net defined benefit liabilities relate to pension plans outside the ETH Domain's pension fund at PUBLICA.

Table 45: Net pension costs

CHF millions	2023	2022	Change absolute
Current service cost (employer)	197	245	– 48
Past service cost	9	4	6
Gains (–)/losses (+) from plan settlements	–	–	–
Interest expense from defined benefit obligations	169	35	134
Interest income from plan assets	– 162	– 33	–130
Administrative costs (excl. asset management costs)	4	4	–
Other	–	–	–
Total Net pension costs incl. interest expense recognised in statement of financial performance	**216**	**255**	**– 38**

The net pension cost of the ETH Domain for the reporting year is CHF 216m (2022: CHF 255m). As in the previous year, significantly less than CHF 1m relate to pension plans outside the ETH Domain's pension scheme with PUBLICA. Net pension costs are CHF 38m lower than in the previous year. The decrease is mainly due to the lower current service cost (decrease of CHF 48m), which is partially offset by higher past service costs. The decrease in current service cost is primarily due to the change in the discount rate. Under IPSAS 39, the calculation of the current service cost is based on the discount rate of the previous year, and the decrease in service cost for the 2023 period reflects the significant increase in the discount rate in 2022.

Past service cost includes the effect of the mentioned gradual adjustment of the AHV bridging pension for women and plan buy-ins of professors at ETH Zurich and EPFL.

For the coming financial year, the ETH domain expects employer's contributions of CHF 249m and employees' contributions of CHF 141m.

Table 46: Revaluation amount recognised in equity

CHF millions	31.12.2023	31.12.2022	Change absolute
Actuarial gains (–) and losses (+)	354	–1,078	1,432
from change in financial assumptions	324	–1,024	1,348
from change in demographic assumptions	–	–	–
from experience adjustments	30	– 55	85
Return on plan assets excl. interest income (gains (–)/losses (+))	– 141	775	– 916
Other	–	–	–
Revaluation amount recognised in equity	**213**	**– 304**	**516**
Cumulative amount of revaluation recognised in equity (gain (–)/loss (+))	**– 508**	**– 721**	**213**

The revaluation loss (remeasurement) recognised in equity for 2023 amounts to CHF 213m (2022: profit of CHF 304m). This results in positive valuation reserves of CHF 508m as at 31 December 2023 (2022: CHF 721m). Of this amount, revaluation reserves of CHF 3m (2022: CHF 5m) pertain to pension plans plans outside the ETH Domain's pension scheme with PUBLICA. The actuarial losses from the change in financial assumptions mainly result from the reduction in the discount rate (CHF 498m). The loss was mitigated by the lower interest rate on retirement assets and the lower expected salary trend (actuarial gain of CHF 175m). Furthermore, experience-based losses reduced the cumulative revaluation gains recognised in equity by CHF 30m.

The return on plan assets recognised in equity is attributable to the gain on investments based on a return of 3.7%, compared to the net interest on plan assets of 2.2%, which corresponds to the discount rate of the previous year.

Table 47: Change in present value of defined benefit obligations

CHF millions	2023	2022
Present value of defined benefit obligations as of 01.01.	**7,717**	**8,761**
Current service cost (employer)	197	245
Interest expense from defined benefit obligations	169	35
Employee contributions	145	139
Benefits paid in (+) and paid out (–)	–421	–388
Past service cost	10	4
Gains (–)/losses (+) from plan settlements	–	–
Actuarial gains (–)/losses (+)	354	–1,078
Other	–	–
Present value of defined benefit obligations as of 31.12.	**8,169**	**7,717**

The weighted average term arising from defined benefit obligations is 12.6 years as at 31 December 2023 (2022: 12.0 years).

Table 48: Change in the fair value of plan assets

CHF millions	2023	2022
Fair value of plan assets as of 01.01.	**7,397**	**8,147**
Interest income from plan assets	162	33
Employer contributions	253	245
Employee contributions	145	139
Benefits paid in (+) and paid out (–)	–421	–388
Gains (+)/losses (–) from plan settlements	–	–
Administrative costs (excl. asset management costs)	–4	–4
Return on plan assets excl. interest income (gains (+)/losses (–))	141	–775
Other	–	–
Fair value of plan assets as of 31.12.	**7,673**	**7,397**

Table 49: Change in net defined benefit liabilities

CHF millions	2023	2022
Net defined benefit liabilities as of 01.01.	**320**	**615**
Net pension costs incl. interest expense recognised in statement of financial performance	216	255
Revaluation amount recognised in equity	213	–304
Employer contributions	–253	–245
Obligations paid directly by the entity	–	–
Other	–	–
Net defined benefit liabilities (+)/assets (–) as of 31.12.	**497**	**320**

Table 50: Major categories of plan assets (in percentage)

Percentage	31.12.2023 Listed	31.12.2023 Not listed	31.12.2023 Total	31.12.2022 Listed	31.12.2022 Not listed	31.12.2022 Total
Liquidity	4	–	4	6	–	6
Bonds (in CHF) Confederation	7	–	7	6	–	6
Bonds (in CHF) ex. Confederation	8	–	8	8	–	8
Government bonds (in foreign currencies)	15	–	15	19	–	19
Corporate bonds (in foreign currencies)	7	–	7	8	–	8
Mortgages	3	–	3	3	–	3
Shares	31	–	31	26	–	26
Real estate	8	8	16	8	8	16
Commodities	3	–	3	2	–	2
Other	–	6	6	–	6	6
Total plan assets	**86**	**14**	**100**	**86**	**14**	**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 51: Principal actuarial assumptions used as at the reporting date (in percentage)

Percentage	2023	2022
Discount rate as of 01.01.	2.20	0.40
Discount rate as of 31.12.	1.50	2.20
Expected salary development	1.70	2.40
Expected pension development	0.00	0.00
Interest on retirement savings	1.50	2.20
Share of employee contribution to funding gap	36.00	36.00
Life expectancy at age 65 – women (no. of years)	24.59	24.48
Life expectancy at age 65 – men (no. of years)	22.82	22.70

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

CHF millions	31.12.2023 Increase in assumption	31.12.2023 Decrease in assumption	31.12.2022 Increase in assumption	31.12.2022 Decrease in assumption
Discount rate (change +/– 0.25%)	–180	190	–220	201
Expected salary development (change +/– 0.25%)	20	–20	24	–24
Expected pension development (change +/– 0.25%)	143	n/a	150	n/a
Interest on retirement savings (change +/– 0.25%)	40	–39	52	–51
Share of employee contribution to funding gap (change +/– 10%)	–35	35	–	–
Life expectancy (change +/–1 year)	192	–196	196	–234

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 trends 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 sensitivity of the assumption relating to expected pension development has been tested for increases only, as it is not possible to reduce pension benefits. In the previous year, there was no funding gap in accordance with IPSAS, which is why the sensitivity to the change in employee contributions was not reported. 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 53: Dedicated third-party funds

CHF millions	31.12.2023	31.12.2022	Change absolute	thereof transitional measures Confederation 31.12.2023	thereof transitional measures Confederation 31.12.2022	Change absolute
Swiss National Science Foundation (SNSF)	770	707	63	122	47	74
Swiss Innovation Agency (Innosuisse)	87	83	4	2	3	–1
EU Framework Programmes for Research and Innovation (FP)	348	395	–47	201	152	49
Special federal funding of applied research	154	128	26			
Industry-oriented research (private sector)	92	97	–6			
Other project-oriented third-party funding	139	134	5			
Donations and bequests	107	96	11			
Total dedicated third-party funds	**1,697**	**1,641**	**56**	**325**	**202**	**123**

The dedicated third-party funds correspond to the outstanding performance obligations on current research projects and mandates from contracts with non-exchange transactions. The changes to this balance sheet item are due, on the one hand, to the newly contracted project volume (increase) and, on the other hand, to the decline in the project volume as a result of the research activities carried out in many projects. Accordingly, an increase over the previous year means that more new projects were newly contracted in the reporting period than were executed. A decrease means that more projects were executed than awarded in the reporting period.

The change at SNSF is due to the increases at all institutes (ETH Zurich + CHF 13m, EPFL + CHF 30m, PSI + CHF 8m, WSL + CHF 6m, Empa + CHF 2m, Eawag + CHF 4m).

In the case of dedicated third-party funds from the research contributions granted by Innosuisse, there were major changes with ETH Zurich (+CHF 6m) and PSI (– CHF 2m). The other institutions did not differ noticeably from the previous year.

With respect to the EU research contributions, dedicated third-party funds declined at ETH Zurich (– CHF 30m), EPFL (– CHF 16m) and PSI (– CHF 5m). They increased at the other institutions. The Confederation's transitional measures (CHF 201m) helped to prevent an even greater decrease.

The special federal funding of applied research increased by CHF 26m in the reporting period. This increase is due to new project contracts at EPFL (+ CHF 4m), PSI (+ CHF 7m) and WSL (+ CHF 11m due to a new contract with FOEN).

Third-party funds from the private sector declined at all institutions with the exception of EPFL. The greatest declines were registered by ETH Zurich, PSI and Empa (roughly CHF 2m in each case).

The dedicated third-party funds in the "Other project-oriented third-party funds" category financed by cantons as well as municipalities, public-law institutions and international organisations increased at ETH Zurich (+ CHF 16m) and Empa (+ CHF 1m). Decreases were registered by EPFL (– CHF 1m) and PSI (– CHF 12m).

The volume of projects financed through donations and bequests increased at ETH Zurich (+ CHF 11m).

30 Financial risk management and additional information about financial instruments

Classes and categories of financial instruments by carrying amount

Table 54: 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
	31.12.2023			
Cash and cash equivalents	1,061			1,061
Receivables from non-exchange transactions	1,795			1,795
Receivables from exchange transactions	65			65
Financial assets and loans	850	354		1,203
Prepaid expenses and accrued income	26			26
Financial liabilities*		2	679	681
	31.12.2022			
Financial assets**	3,782	333		4,115
Financial liabilities*		–	629	629

* Current liabilities, Leasing liabilities, Financial liabilities, Accrued expenses and deferred income.
** Cash and cash equivalents, Receivables from non-exchange transactions, Receivables from exchange transactions, Financial assets and loans, Prepaid expenses and accrued income

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.

The table below shows the maximum exposure to default risk of the financial assets broken down into type of counterparty.

Table 55: Maximum exposure to credit risk

CHF millions	Total	Federal Government	European Commission FP *	SNSF, Innosuisse, OASI social service, Suva *	SNB and banks with government guarantee	PostFinance and other banks	Other counterparties (e.g. cantons, foundations)	Other counterparties (e.g. private companies)
	31.12.2023							
Cash and cash equivalents	1,061	440	–	–	29	589	3	–
Receivables from non-exchange transactions	1,795	143	275	615	–	–	693	70
Receivables from exchange transactions	65	4	–	–	–	–	11	49
Financial assets and loans	1,203	850	–	–	1	14	5	333
Prepaid expenses and accrued income	26	4	–	–	–	1	4	17
Total	**4,150**	**1,442**	**275**	**615**	**29**	**604**	**716**	**469**
	31.12.2022							
Total previous period	**4,115**	**1,957**	**290**	**566**	**12**	**206**	**602**	**481**

* 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).

Estimate of expected credit losses as of 31 December 2023

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.

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 56: Maturity analysis

CHF millions	Total receivables	Not due	Due until 90 days	Due 91 to 180 days	Due 181 to 360 days	Due more than 360 days
	31.12.2023					
Gross amount	**1,863**	**1,822**	**25**	**7**	**5**	**4**
Receivables from non-exchange transactions gross	1,796	1,770	15	5	5	2
Loss allowance	−2	–	–	–	−1	–
Receivables from exchange transactions gross	67	52	10	2	1	2
Loss allowance	−2	–	–	–	−1	−1
	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	–	–	–	–	–

Loss allowances in the amount of CHF 2m were recognised for at-risk trade accounts receivable at the end of 2023 (2022: CHF 1m). Loss allowances on receivables from non-exchange transactions amounted to CHF 2m in 2023 (2022: CHF 1m). At the balance sheet date, no material balances of receivables from exchange and non-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 57: Development of loss allowance

CHF millions	2023		2022	
	Loss allowance of receivables from non-exchange transactions	Loss allowance of receivables from exchange transactions	Loss allowance of receivables from non-exchange transactions	Loss allowance of receivables from exchange transactions
As of 01.01.	−1	−1	–	−3
Changes from restatement as of 01.01.	–	–	−1	1
As of 01.01.	**−1**	**−1**	**−1**	**−1**
Use of loss allowance	–	–	–	–
Net revaluation of loss allowance	–	−1	–	–
As of 31.12.	**−2**	**−2**	**−1**	**−1**

Financial assets and loans
As of 31 December 2023, financial assets and loans valued at amortised cost amounted to CHF 850m (2022: CHF 1278m). These include loans to students, doctoral candidates and spin-offs with short and long terms to maturity in the amount of CHF 2m and financial assets placed with the Federal Government in the amount of CHF 848m. 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.

There were no material balances of overdue loans as of 31 December 2023. No significant loss allowances were recognised in respect of loans during the reporting period.

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.

The following table 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.

The stock of cash and cash equivalents held suffices to cover financial liabilities. Liquidity risk is low.

Table 58: 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
	31.12.2023				
Non-derivative financial liabilities					
Current liabilities	217	217	217	–	–
Leasing liabilities	309	431	18	195	218
Financial liabilities	80	80	6	22	52
Accrued expenses and deferred income	73	73	73	–	–
Derivative financial liabilities	**2**	**2**	**2**	**–**	**–**
Total	**681**	**803**	**316**	**217**	**270**
	31.12.2022				
Total previous period	**630**	**759**	**255**	**220**	**284**

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 10m.

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 approximately CHF 32m.

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). 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 59: Sensitivity to foreign currency risk

	31.12.2023					31.12.2022				
CHF millions	Total	CHF	EUR	USD	Other	Total	CHF	EUR	USD	Other
Net currency balance	**2,858**	**2,818**	**12**	**13**	**15**	**2,855**	**2,798**	**24**	**7**	**26**
Sensitivity affecting financial performance +/– 10%			1	1				2	1	
Closing rate			0.9298	0.8418				0.9874	0.9250	

The net currency balance for the other currencies category is primarily related to 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 the respective fair value. These are therefore not recognised separately.

The ETH Domain does not estimate the fair values of non-current receivables from non-exchange transactions, as these receivables can only be fulfilled through the realisation of the respective project by the institutions of the ETH Domain. The financial assets are recognised at fair value, which is based on actual values, provided these can be determined reliably. Otherwise, the fair value corresponds to the acquisition costs.

The fair value of the fixed-interest financial assets which are traded publicly is based upon stock market quotations on the reporting date.

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 60: Fair value hierarchy

	31.12.2023				31.12.2022			
CHF millions	Carrying amount/fair value	Level 1	Level 2	Level 3	Carrying amount/fair value	Level 1	Level 2	Level 3
Financial assets	354	337	8	9	333	317	8	8
Financial liabilities	2	–	2	–	–	–	–	–

Net surplus or deficit by category

Table 61: Net surplus or deficit by category

	2023		
CHF millions	Amortised cost	Fair Value through surplus or deficit	Financial liabilities
Interest income (+)/interest expense (–)	21	–	– 8
Income from investments		5	
Change in fair value		24	
Currency translation differences, net	– 6	– 4	–
Impairments	–		
Reversal of impairment	–		
Total net surplus or deficit by category	**14**	**25**	**– 8**
	2022		
Total net surplus or deficit by category previous year	**6**	**– 45**	**14**

The favorable development of financial markets led to the positive fair value adjustments reported through net surplus or deficit. Further information can be found in Note 15 Financial Result.

31 Contingent liabilities and contingent assets

Contingent liabilities

Table 62: Contingent liabilities

CHF millions	31.12.2023	31.12.2022	Change absolute
Guarantees	–	–	–
Warranties	1	1	–
Litigations	–	–	–
Other	308	221	88
Total contingent liabilities	**309**	**222**	**88**

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. In addition, there are unspecified contingent liabilities in connection with the participation of EPFL in research syndicates.
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 (2023: CHF 197m, plus repairs CHF 14m; 2022: 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 (2023: CHF 2m; 2022: CHF 3m) by 31 May 2026.
- Expansion of EPFL Innovation Park at EPFL Innovation Park Foundation (Ecotop): Conclusion of a building right contract contingent upon conditions to be fulfilled in the future, with building right payments over 99 years (CHF 95m).

Contingent assets

Table 63: Contingent assets

CHF millions	31.12.2023	31.12.2022	Change absolute
Off-balance sheet receivables	–	–	–
Other	–	–	–
Total contingent assets	**–**	**–**	**–**

As in the previous year, there were no quantifiable contingent assets at the end of 2023. ETH Zurich receives research funds and grants from third parties. Although these fulfil the main characteristics of an asset, it was not possible to reliably quantify the future pro-rata cash inflow in the year under review. These particularly include 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.

32 Financial commitments

Table 64: Financial commitments

CHF millions	31.12.2023	31.12.2022	Change absolute
Financial commitments <= 1 year	122	175	– 53
Financial commitments from 1 to 5 years	13	30	– 17
Financial commitments > 5 years	–	–	–
No due date/indefinite	–	–	–
Total financial commitments	**135**	**205**	**– 71**

At the reporting date, the PSI had contractual obligations for the acquisition of goods and services in the amount of CHF 54m (of which CHF 44m are short-term and CHF 10m long-term). The financial commitments related, in particular, to various orders for plant construction projects in the area of SLS 2.0 and ESS as well as for future supplies of electricity.

At the end of 2023, ETH Zurich had financial commitments of CHF 51m. These primarily relate to the acquisition of technical/scientific equipment, particularly the acquisition of the HPCN/Alps Supercomputer, which was planned for the reporting period but was postponed in part.

EPFL (CHF 21m), Empa (CHF 6m) and Eawag (CHF 3m) also reported financial commitments.

In addition, EPFL had 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 65: Operating lease

CHF millions	2023	2022	Change absolute
DUE DATES			
Due within 1 year	50	44	6
Due within 1 to 5 years	161	148	13
Due after more than 5 years	282	286	– 3
Future minimum payments for non-cancellable operating lease as of 31.12.	**493**	**477**	**15**
Leasing payments of current period	**48**	**46**	**2**
ADDITIONAL DETAILS			
Return from subleasing	2	1	1
Future revenue from sublease (from non-cancellable contracts)	2	3	– 1

In the reporting period, the leases particularly concerned future minimum lease payments at ETH Zurich (CHF 205m, + CHF 5m), PSI (CHF 130m, – CHF 1m), EPFL (CHF 153m, + CHF 12m) and Empa (CHF 5m, – CHF 1m). This primarily involves the rental of various properties. PSI had a lease for office, laboratory and workshop space that commenced on 1 January 2024 for a period of 23 years.

The leasing payments of the current period are mainly divided between ETH Zurich (CHF 35m), EPFL (CHF 11m) and Empa (CHF 2m).

34 Remuneration of key management personnel

Table 66: Remuneration of key management personnel (rounded values)

CHF millions	2023	2022	Change absolute
ETH Board	1	1	–
Executive Board, Direction and Directorate **	2	3	–
Remuneration of key personnel	**3**	**3**	**–**

Table 67: Key personnel

Full-time equivalent	2023	2022	Change absolute
ETH Board *	2.22	2.22	–
Executive Board, Direction and Directorate **	6.00	6.00	–
Number of persons (in full-time positions)	**8.22**	**8.22**	**–**

* 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 68 are fully consolidated with all their locations.

Institutions and the 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 68: Controlled entities

	Legal form	Type of collaboration/business activity	Domicile	Jurisdiction	Currency	Share of voting rights and participation (in %) 31.12.2023[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	31.03.2023
Rübel Geobotanical Research Institute Foundation[2]	Foundation	Promoting geobotanical science (plant sociology, plant ecology, plant propagation, vegetation history)	Zurich	Switzerland	CHF	57	100	31.12.2022
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.	Ecublens (VD)	Switzerland	CHF	60	100	31.12.2023
EPFL Innovation Park Foundation (FEIP)	Foundation	The foundation owns and maintains buildings for promising start-ups (technology park).	Ecublens (VD)	Switzerland	CHF	36	100	31.12.2023
Société pour le 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	31.12.2023
Société pour le 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	80	100	31.12.2023

1 The figures are unchanged compared to the previous year, except for Société pour le Quartier Nord de l'EPFL (2022: 83 % voting rights) and EPFL Innovation Park Foundation (2022: 45%).
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 69: Associated entities

	Legal form	Type of collaboration/business activity	Domicile	Jurisdiction	Currency	Share of voting rights and participation (in %) 31.12.2023[1]	
ETH Zurich Foundation[2]	Foundation	Promoting research and teaching at the Swiss Federal Institute of Technology Zurich	Zurich	Switzer-land	CHF	17	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	Switzer-land	CHF	17	100
Student Housing Foundation	Foundation	Providing and operating affordable student housing in Zurich	Zurich	Switzer-land	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 documenta-tion and research centre for general and Swiss contemporary history	Zurich	Switzer-land	CHF	38	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	Switzer-land	CHF	22	100
Fondation Les Bois Chamblard	Foundation	The foundation provides facilities for seminars and conferences.	Buchillon	Switzer-land	CHF	20	100
Fondation Campus Biotech Geneva	Foundation	The Biotech Campus is a centre of excellence in biotechnology and life science research.	Geneva	Switzer-land	CHF	33	50
Fondation du Centre universitaire protestant de Lausanne	Foundation	The foundation provides accommoda-tion for students from EPFL and from the University of Lausanne.	Lausanne	Switzer-land	CHF	33	60
Fondation "Institut d'Imagerie Moléculaire Translationnelle IIMT"	Foundation	The foundation supports the development of new programmes in translational research and technolog-ical innovation in the area of molecular imaging.	Geneva	Switzer-land	CHF	50	50
DECTRIS LTD	Public limited company	Development and production of electronic measuring instruments for research and industrial applications	Baden	Switzer-land	CHF	20	20

1 Changes in the share of voting rights for the ETH Zurich Foundation (previous year: 15%), Archives of Contemporary History Foundation (previous year: 43%), Foundation for Contemporary Jewish History (previous year: 25 %), Fon-dation Campus Biotech (previous year: 25%).
Change in share of voting rights and capital at Dectris Ltd. (previous year: 19%).

2 Although ETH Zurich has less than 20% of the voting rights in the ETH Zurich Foundation, it has considerable influ-ence 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 in the following table in accordance with Note 2 of the Ordinance on Finance and Accounting of the ETH Domain:

Table 70: Entities below the thresholds in accordance with the Ordinance on Finance and Accounting Regulations of the ETH Domain

	31.12.2023	31.12.2022
Controlled entities		
Quantity	7	9
Total assets (CHF million)	15	21
Associated entities		
Quantity	11	11
Total assets (CHF million)	60	57

36 Events after the balance sheet date

The ETH Board approved the 2023 consolidated financial statements of the ETH Domain on 6/7 March 2024. 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 2023.

Auditor's report

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

Reg. Nr. 932.23414.003

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 2023

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 2023, the consolidated balance sheet as of 31 December 2023, 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 10 to 73) present fairly, in all material respects, the consolidated financial position of the ETH Domain as of 31 December 2023, 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, 7 March 2024

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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
Graphical 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: 7 March 2024

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/financialreport2023.

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 afigure that is based on the rounded amounts presented in the tables.

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