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Report of the external auditor for the financial period 2017–2018, with financial statements of the International Tribunal for the Law of the Sea as at 31 December 2018

(Presented by the Tribunal)

1. BDO AG Wirtschaftsprüfungsgesellschaft (hereinafter “the Auditor”) audited the financial statements of the International Tribunal for the Law of the Sea for the financial period from 1 January 2017 to 31 December 2018 in January and February 2019 and submitted its report on 15 February 2019 (see annex 1). An audit of certain aspects of the Tribunal’s operational procedures was also undertaken by the Auditor, as indicated in the letter of engagement of 3 November 2016, signed by the Registrar of the Tribunal.
2. It is noted from the report that the Auditor was of the view that, as a whole, the financial statements gave a true and fair view of the Tribunal’s net assets, financial position and results of operations in accordance with the Financial Regulations and Rules of the Tribunal.
3. Financial regulation 12.8 stipulates that “the Tribunal shall examine the financial statements and the audit reports and shall forward them to the Meeting of States Parties, with such comments as it deems appropriate.”

* [SPLOS/29/L.1.](#)



Annex 1

**Report of the external auditor for the financial period 2017–
2018, with financial statements of the International Tribunal
for the Law of the Sea as at 31 December 2018**

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Note: Differences can arise through the use of rounded amounts and percentages.

I. Audit engagement

At the twenty-sixth Meeting of the States Parties to the United Nations Convention on the Law of the Sea, from 20 to 24 June 2016, we were appointed as auditors of the International Tribunal for the Law of the Sea, Hamburg, for the financial period from 1 January 2017 to 31 December 2018. Thereupon, the Registrar of the Tribunal engaged us to audit the financial statements of the Tribunal for the period from 1 January 2017 to 31 December 2018 in accordance with the Financial Regulations and Rules of the Tribunal.

In accordance with paragraph 321 (4 a) of the German accounting law, we confirm that we observed the applicable independence requirements while auditing the financial statements.

The present report is solely intended for the Tribunal.

We have prepared the present audit report in accordance with the German generally accepted standards for reporting on the audits of financial statements promulgated by the Institute of Public Auditors in Germany.

The performance of the engagement and our responsibilities – also towards third parties – are governed by the special terms and conditions of the Auditor and the general terms of engagement for German public auditors and public audit firms, as amended on 1 January 2017 (see [SPLOS/192](#), annex I, appendix VI).

II. Subject, type and scope of the audit

A. Subject of the audit

The subjects of our audit were the accounting and the financial statements – comprising the statement of income, expenditures and changes in reserves and fund balances, the statement of assets, liabilities, reserves and fund balances, the statement of cash flows and notes to the financial statements – prepared in accordance with the Financial Regulations and Rules of the Tribunal.

The legal representatives of the Tribunal are responsible for the accounting and the information provided to us. Our responsibility is to evaluate those documents, as well as the information provided to us in the scope of our audit and the information provided to us.

The scope of the audit was extended with respect to the examination of certain aspects of operating procedures for the financial period from 1 January 2017 to 31 December 2018, at the request of the Tribunal. The extended audit scope included the following:

(a) Whether the expenses incurred during this financial period were in accordance with the appropriations approved by the Meeting of States Parties;

(b) Whether expenditures incurred had been properly authorized by the party designated for that purpose in the Rules of the Tribunal or the Financial Regulations and Rules of the Tribunal;

(c) Whether staff and persons paid by the Tribunal had been recruited or engaged in the manner provided for in the Rules of the Tribunal or the Staff Regulations and Rules of the Tribunal;

(d) Whether goods and services had been procured in accordance with the procedures provided for in the Financial Regulations and Rules of the Tribunal;

(e) Whether goods and services had been procured in line with the approved budget, properly recorded and not excessive, having regard to circumstances and the functions of the Tribunal;

(f) Whether the grants given to the Tribunal by the Nippon Foundation and the trust fund for the law of the sea and maintained in separate trustee accounts were administered in accordance with the relevant memorandums and terms of reference.

B. Nature and scope of the audit

We conducted the audit in accordance with the Financial Regulations and Rules of the Tribunal and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany. Those standards require that we plan and perform the audit in such a way that misstatements materially affecting the presentation of a company's net assets, financial position and results of operations in the financial statements are detected with reasonable assurance.

Our risk-based audit approach, which also complies with international auditing standards, is based on the development of an audit strategy. The risk assessment thereby required is based on the assessment of the Tribunal's position, the business risks and environment and the accounting-related internal control system of the Tribunal.

While assessing the risk of material misstatements in the financial statements, we identified and assessed risks at both the financial statement level and at the assertion level. Moreover, we categorized those risks into different types of risks, highlighting significant risks requiring special consideration during the audit and risks for which substantive procedures alone do not provide sufficient appropriate audit evidence. By definition in the auditing standards, significant risks also include the risk of management overriding controls as well as the risk of fraud in revenue recognition.

On the basis of our risk assessment, we determined the relevant audit areas and criteria (financial statement assertions) as well as the key audit areas and developed audit programmes. The nature and scope of the various audit procedures were detailed in the audit programmes.

The audit procedures for obtaining audit evidence comprised tests of controls, substantive analytical procedures and tests of details (i.e. other substantive procedures).

We determined the following as key audit areas:

- Audit of the financial reporting closing process
- Design, implementation and effectiveness of the internal controls in the processes relating to contributions and expenditures
- Cash and term deposits
- Contribution receivables from States parties
- Contributions received in advance
- Surrender of savings from prior years
- Obligations current period
- Major expenditures

In order to audit the accounting-related internal control system over the Tribunal's financial reporting period, we initially evaluated the design and implementation of the accounting-related controls. As a second step, we performed tests on selected internal controls in accordance with the key audit areas we determined when planning the audit.

The insights we gained from auditing the accounting-related internal control system were used to assess the risks of material misstatements in the financial statements and to choose the nature, extent and timing of the analytical audit procedures and tests of details to be performed for the individual audit areas and criteria.

Sampling was used to perform tests of controls in auditing the accounting-related control system as well as tests of details. Samples were selected based on the understanding we had obtained from assessing the accounting-related internal control system as well as our understanding of the nature and extent of the transactions.

For the tests of details, we obtained bank balance confirmations or statements from the banks of the Tribunal.

We performed the audit in May 2018 (interim audit) and in February 2019 until 15 February 2019.

The Registrar of the Tribunal provided us with all information and evidence requested and confirmed their completeness as well as the completeness of the bookkeeping and the financial statements in a written letter of representation dated 15 February 2019.

III. Accounting-related findings and explanations

A. Propriety of accounting

The financial statements for the financial period from 1 January 2017 to 31 December 2018 audited by us are attached to the present report (see appendix I). In our opinion, based on the findings of our audit, they comply with the Financial Regulations and Rules of the Tribunal.

The statement of income, expenditures and changes in reserves and fund balances, the statement of assets, liabilities, reserves and fund balances and the statement of cash flows were properly derived from the bookkeeping and the underlying audited documents. The opening balance sheet figures were properly carried over from the previous period's financial statements. The recognition, presentation and measurement regulations applicable for the Tribunal were adhered to. The notes on the financial statements include all required disclosures and explanations as well as additional requirements.

B. Overall conclusion of the financial statements

Material measurement bases

The accounting policies and the measurement methods are described in the notes to the financial statements (see appendix I).

Based on our examination, the accounting principles used by the Tribunal were applied on a basis consistent with that of the preceding financial period.

In the following, we point out those accounting policies and measurement methods that we believe to be material.

We point out that – consistent with the previous financial periods – expenditures are accounted for on an accrual basis except for those relating to staff entitlements and pension obligations for the judges of the Tribunal, which are accounted for on a cash basis. Therefore, no provisions are made for any future liabilities arising from staff entitlements due to repatriation, accumulated annual leave, compensatory time and pension to judges in the financial statements of the Tribunal, as explained in the notes to the financial statements (see appendix I). The amounts of contingent liabilities arising from accumulated annual leave and entitlements due to repatriation are disclosed as contingent liabilities in the notes of the financial statements. The amounts of contingent liabilities arising from pension scheme costs for judges are not disclosed in the notes to the financial statements since no actuarial calculation of the pension obligations have been prepared yet.

Findings regarding the overall conclusion of the financial statements

Our audit has led to the conclusion that, as a whole, the financial statements give a true and fair view of the Tribunal's net assets, financial position and results of operations in accordance with the Financial Regulations and Rules of the Tribunal.

IV. Findings from the extended scope of the audit engagement

The examination of the operational procedures, including the administration of the Nippon Foundation grant and the trust fund for the law of the sea, did not lead to any reservation. We refer to our audit procedures and explanations in appendix VI.

V. Report of the Auditor

To the International Tribunal for the Law of the Sea

We have audited the accompanying financial statements of the International Tribunal for the Law of the Sea, Hamburg, which comprise the statement of income, expenditures and changes in reserve and fund balances, statement of assets, liabilities, reserves and fund balances, statements of cash flows and notes to the financial statements, for the period from 1 January 2017 to 31 December 2018.

Management's responsibility for the financial statements

Management is responsible for the preparation of the financial statements in accordance with the Financial Regulations and Financial Rules of the Tribunal and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements. We conducted our audit of the financial statements in accordance the German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany. Those standards require that we comply with professional ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the corresponding information in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or

error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation for the financial statements.

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

Opinion

In our opinion, the financial statements of the International Tribunal for the Law of the Sea, Hamburg, for the period from 1 January 2017 to 31 December 2018 are prepared, in all material respects, in accordance with the Financial Regulations and Rules of the Tribunal.

Basis of accounting and restriction on use

Without modifying our opinion, we draw attention to the Financial Regulations and Financial Rules of the Tribunal, which describe the basis of accounting. The financial statements are prepared to comply with the Financial Regulations referred to above. As a result, the financial statements may not be suitable for another purpose.

Restriction of distribution and limitation of liability

Our report is intended solely for the Tribunal and the Meeting of States Parties. Our report may not be used for other purposes or distributed to other parties without our prior consent.

We prepared the present report exclusively based on the engagement by the Tribunal. The services we performed for the Tribunal in that engagement are governed by the special terms and conditions for BDO AG Wirtschaftsprüfungsgesellschaft and the general terms of engagement for German public auditors and public audit firms, dated 1 January 2017.

Lübeck, 15 February 2019

BDO AG
Wirtschaftsprüfungsgesellschaft

(Signed) (Lüthje)
Wirtschaftsprüferin
(German Public Auditor)

(Signed) (Wißmann)
Wirtschaftsprüferin
(German Public Auditor)

Appendix I

Financial statements of the International Tribunal for the Law of the Sea

Statement of income, expenditures and changes in reserves and fund balances for the period from 1 January 2017 to 31 December 2018

	<i>Note</i>	<i>2017–2018 (in euros)</i>	<i>2015–2016 (in euros)</i>
Income			
Assessed contributions (appendix I)	3	21 119 904	18 814 162
Other income			
Savings due to cancellation of prior-period obligations		27 514	41 977
Gains and losses on exchange		(2 918)	(15 157)
Miscellaneous income		57	12 176
Interest income		1 244	2 401
Total income		21 145 801	18 855 559
Expenditures	4		
Total expenditures and obligations (appendix II)		(18 105 109)	(18 662 719)
Excess of income over expenditures		3 040 692	192 840
Final excess of income over expenditures		3 040 692	192 840
Movement in reserves			
Surrender to States parties		–	(1 837 669)
Increase in Working Capital Fund		–	–
Total in movement in reserves		3 040 692	(1 644 829)
Fund balances at the beginning of financial period		3 339 493	4 984 322
Fund balances as at 31 December 2018		6 380 185	3 339 493

Statement of assets, liabilities, reserves and fund balances as of 31 December 2018

	<i>Note</i>	<i>31 Dec. 2018 (in euros)</i>	<i>31 Dec. 2016 (in euros)</i>
Assets			
Cash and term deposits		8 272 322	6 829 040
Contributions receivable from States parties		1 244 356	1 011 197
Tax reimbursements due		77 760	49 999
Accounts receivable – others		83 146	76 005
Prepaid expenses		69 361	26 180
Total assets		9 746 945	7 992 421
Liabilities			
	7		
Contributions received in advance		2 963 996	2 436 580
Surrender of savings from prior years		17 058	1 850 161
Surrender of withholdings from staff assessments		0	0
Obligations current period		384 027	336 044
Staff assessment special account		37	41
Accounts payable		1 642	30 102
Total liabilities		3 366 760	4 652 928
Net assets		6 380 185	3 339 493
Reserves and fund balances			
	8		
Working Capital Fund		1 309 132	1 309 132
Prior-period gains reserve		2 030 361	1 837 521
Excess of income over expenditures		3 040 692	192 840
Total reserves and fund balances		6 380 185	3 339 493
Total reserves		6 380 185	3 339 493

Statement of cash flows for the biennium 2017–2018

	2017–2018 (in euros)	2015–2016 (in euros)
Cash flows from operating activities		
Net excess (shortfall) of income over expenditures	3 040 692	192 840
(Increase) decrease in contributions receivable	(233 159)	467 852
(Increase) decrease in tax reimbursements due	(27 761)	101 791
(Increase) decrease in other accounts receivable	(7 141)	72 165
(Increase) decrease in prepaid expenses	(43 181)	(13 111)
Increase (decrease) in obligations current period	47 983	(76 602)
Increase (decrease) in contributions received in advance	527 416	927 844
Increase (decrease) in accounts payable	(28 460)	30 102
Less: interest income	(1 244)	(2 401)
Net cash from operating activities	3 275 145	1 700 480
Cash flows from investing and financing activities		
Plus: interest income	1 244	2 401
Net cash from operating investing and financing activities	1 702 881	347 333
Cash flows from other sources		
Increase (decrease) in working capital fund	–	–
Increase (decrease) in prior-period gains reserve	–	(1 837 669)
Increase (decrease) in surrender of savings from prior years	(1 833 107)	1 307 774
Net increase (decrease) in cash and term deposits	1 443 282	1 172 986
Cash and term deposits at beginning of period	6 829 040	5 656 054
Cash and term deposits at end of period	8 272 322	6 829 040

Notes to the financial statements for the period from 1 January 2017 to 31 December 2018

Note 1

Statement of the objectives and activities of the Tribunal

The International Tribunal for the Law of the Sea is an international judicial body established by the United Nations Convention on the Law of the Sea to adjudicate disputes arising out of the interpretation or application of the Convention. It began its activities in 1996. The Tribunal is open to States parties to the Convention and, in certain cases, to entities other than States parties (such as international organizations and natural or juridical persons). The jurisdiction of the Tribunal comprises all disputes submitted to it in accordance with the Convention. It also extends to all matters specifically provided for in any other agreement which confers jurisdiction upon the Tribunal. The Tribunal is composed of 21 independent members elected by the States parties to the Convention. It is assisted by a Registry consisting of 38 staff members.

Note 2

Summary of significant accounting policies

On 12 June 2003, the thirteenth Meeting of States Parties adopted the Financial Regulations of the Tribunal, which became effective on 1 January 2004 and have been applied to the financial period 2005–2006 and subsequent financial periods ([SPLOS/100](#)). Pursuant to financial regulation 10.1 (a), the Tribunal adopted its Financial Rules in 2004. The States parties took note of the Financial Rules at their fourteenth Meeting in 2004. The Financial Rules became effective on 1 January 2005.

Financial period

Pursuant to financial regulation 2, the financial period shall consist of two consecutive calendar years, in the present report from 1 January 2017 to 31 December 2018.

Currency of accounts

Pursuant to financial regulation 11.2, the accounts of the Tribunal are presented in euros.

Foreign currency transactions

Transactions in currencies other than the euro are converted into the euro using the United Nations operational rates of exchange, except for assessed contributions paid in United States dollars. For the contributions paid in United States dollars, the conversion into euros is made at the most favourable rate of exchange available to the Tribunal on the date of the payment, in accordance with financial rule 105.2.

The differences in exchange rates which may occur between the date of recording and the date of settling the transactions are recorded in the statement of income, expenditures and changes in reserves and fund balances as gains or losses on exchange.

Assets and liabilities in currencies other than the euro are revalued at the end of the financial period at the prevailing United Nations operational rates of exchange. The revaluation amounts are recorded in the statement of income, expenditures and changes in reserves and fund balances as gains or losses on exchange.

Income

Income consists of assessed contributions from the States parties. Contributions for the two-year financial period are assessed as 50 per cent in year one and 50 per cent in year two. All other income received by the Tribunal is classified as miscellaneous income and is included as general resources (see note 3).

Expenditures

All the expenditures of the Tribunal are recorded against allocated lines of budgetary appropriation.

Expenditures of the Tribunal are accounted for on an accrual basis, except for those relating to staff entitlements, which are accounted for on the basis of cash disbursements. No provision is made for any future liabilities arising from staff entitlements due to repatriation, accumulated annual leave as well as from pension entitlements of the members of the Tribunal (see note 5).

Assets and liabilities

All funds received are deposited into the Tribunal's bank accounts, including those under special account arrangements, and are reflected as cash holdings. Non-expendable equipment (especially computer hardware and software) is not included in the assets but is charged against the current appropriations when acquired. A separate listing of non-expendable equipment is maintained for control purposes. Assets are valued at nominal value. Liabilities are valued at the repayment amount

Working Capital Fund

The eighth Meeting of States Parties, held in 1998, authorized the establishment of a working capital fund to ensure continuity of operation in the event of temporary shortfalls in funds, and to provide the Tribunal with the necessary financial means to dispose of cases, in particular those involving urgent proceedings ([SPLOS/70](#)).

The current amount of the Working Capital Fund available to the Tribunal is €542,118, which was converted from US\$ 650,000 in November 2005 in accordance with the Financial Regulations of the Tribunal. It represents 2.57 per cent of the approved budget of the Tribunal for 2017–2018.

In addition to the amount of €542,118 referred to above, the twelfth Meeting of States Parties, in 2002, approved, on an exceptional basis, the appropriation of US\$ 500,000 (being part of the savings from the financial period 2001) to the Working Capital Fund of the Tribunal, in order to provide the Tribunal with the necessary financial means, in the event of temporary shortfalls in funds, to deal with cases whenever the cost could not be met from case-related costs or from the transfer of funds between appropriation sections ([SPLOS/89](#)). This amount was converted into €417,014 in November 2005, in accordance with the Financial Regulations of the Tribunal.

In June 2014 the twenty-fourth Meeting of States Parties decided, on an exceptional basis, to transfer an amount of €350,000 from the 2011–2012 cash surplus to the Working Capital Fund, “to cover the costs of considering cases to the extent that the expenditure cannot be met from the case-related cost.” ([SPLOS/275](#)).

On that basis, the total Working Capital Fund currently stands at €1,309,132, of which €767,014 may be used to cover case-related costs.

Note 3 Income

The Tribunal's income in the financial period 2017–2018 totalled €21,145,801.

Total income includes assessed contributions from 168 States parties (including the European Union) totalling €21,119,904.

It also includes:

- (a) Interest income of €1,244 earned on deposit accounts;
- (b) Savings due to the cancellation of prior-period obligations, in the amount of €27,514;
- (c) A net loss of €2,918, from gains and losses on exchange resulting from foreign currency transactions and revaluations of foreign currency account balances;
- (d) Net miscellaneous income of €57, which includes refunds from the gas and water suppliers, sales of the Tribunal's old laptop computers, sales of ties and pens and non-refundable value added tax (tax amount less than €25).

Note 4 Expenditure

The budget for the financial period 2017–2018, in the amount of €21,119,900 was approved by the twenty-sixth Meeting of States Parties in June 2016 ([SPLOS/301](#)).

Budget estimates for staff salaries and judges' allowances were based on the United States dollar/euro exchange rate of 0.895 in March 2016. By the end of the financial period, the exchange rate between the United States dollar and the euro was 0.876. This represents an increase of 2.17 per cent in the value of the euro against the United States dollar. This had no significant impact on most of the expenditure of the Tribunal, since most of the expenditures were made in euros, and payments to judges and staff members were subject to an adjustment mechanism which has the effect of largely absorbing the fluctuations of the US dollar against the euro. However, the appropriations for the judges' pension scheme and for representation allowance were calculated by using the United States dollar as reference currency.

Savings occurred in two sections under Part A, "Recurrent expenditure", and in Part C of the budget, "Case-related costs".

Section 2, "Judges' pension scheme", in Part A, shows savings in the amount of €414,276 which is a performance rate of 77.7 percent. Savings were mainly due to the fact that the approved budget had provided for six judges for a period of 15 months, while only four judges actually retired in September 2017.

Section 3, "Staff costs", in Part A, shows savings in the amount of €499,669. The equivalent performance rate is 93.6 per cent. Savings mainly occurred in the budget lines "Established posts" and "Common staff costs" due to the vacant positions in the Registry during the financial period under review.

Part C, "Case-related costs", shows a balance of €1,875,668; the corresponding performance rate is 44.9 per cent. In addition to the provisions for Cases Nos. 23 and 25, a provision for two urgent cases was approved for the 2017–2018 financial period; the provision per urgent case amounted to €739,250. No urgent cases were submitted to the Tribunal during the financial period concerned, and this is the main reason for savings under this part of the budget.

In total, an amount of 18,105,109 was charged against the 2017–2018 approved appropriations and resulted in savings amounting to €3,014,791. The corresponding performance rate is 85.7 per cent. It may be noted that the performance rate of Part A, “Recurrent expenditure”, and Part B, “Non-recurrent expenditure” (without Part C, “Case-related costs”), was 93.6 per cent.

Note 5

Contingent liability

A net contingent liability for staff benefits at 31 December 2018, amounting to €478,709, consists of the following:

<i>Contingent liability</i>	<i>Amount (in euros)</i>
Accumulated annual leave	249 564
Entitlement due to repatriation	229 145
Total	478 709

All contingent expenditures are charged against the budget appropriations in the period when actual payments are made. A record of all commitments for future periods, which are to constitute the first charges against relevant appropriations once these are approved by the Meeting of States Parties, is maintained in the financial statements. In accordance with the Staff Regulations and Rules of the Tribunal, the contingent liability reflected above is based on net remuneration.

In addition to the above-mentioned contingent liabilities, there is a liability for pension scheme costs for the elected members of the Tribunal. However, these expenditures are charged against the budget appropriations in the period when actual payments are made.

Note 6

Accounts receivable

Contributions receivable from States parties as at 31 December 2018 total €1,244,356, as detailed below. The amount overdue from assessed contributions for the financial period 2017–2018 totals €965,522.

The Tribunal has maintained its collection efforts, resulting in a reduction of overdue balances with respect to the financial periods 1996–1997 to 2015–2016. The amount of outstanding contributions for the financial periods 1996–1997 to 2015–2016 currently stands at €278,834, which is €732,363 less than the amount of €1,011,197 registered at 31 December 2016.

<i>Year of assessment</i>	<i>31 December 2018 amount (in euros)</i>	<i>31 December 2016 amount (in euros)</i>
1996/97	5 780	5 780
1998	1 410	1 410
1999	1 910	1 910
2000	6 049	6 049
2001	6 958	6 958
2002	6 683	7 192
2003	4 498	4 883
2004	3 987	4 135

<i>Year of assessment</i>	<i>31 December 2018 amount (in euros)</i>	<i>31 December 2016 amount (in euros)</i>
2005	8 359	8 359
2006	10 277	10 277
2007	11 835	13 209
2008	12 287	13 993
2009	12 859	14 898
2010	14 415	20 143
2011	18 086	29 027
2012	19 460	35 510
2013	22 157	50 442
2014	28 559	62 736
2015	40 229	73 179
2016	43 036	641 107
2017	85 722	
2018	879 800	
Total	1 244 356	1 011 197

“Tax reimbursements due”, amounting to €77,760, represent mainly refunds of value added tax.

Accounts receivable under other heads, amounting to €83,146, include education grant advances (€23,312), salary advances (€4,419), home leave advances (€13,695) amounts due from the German authorities (premises agreement) (€32,968) and some minor miscellaneous charges (€8,752).

Prepaid expenses in the amount of €69,361 are payments made towards the end of the year 2018 which relate to the 2019–2020 budget of the Tribunal. Accordingly, these expenses will be charged against the provision of the 2019–2020 budget in January 2019 and will be cleared from the receivables items.

Note 7

Liabilities

The liabilities of the Tribunal at 31 December 2018 include:

(a) Contributions received in advance from States parties for the budget period 2019–2020 (€2,963,996);

(b) Savings from the 2005–2006 financial period, amounting to €1,603, which will be surrendered once the States parties concerned have contributed in full to the financial period 2005–2006 ([SPLOS/180](#));

(c) Savings amounting to €3,746 from the 2007–2008 financial period, which will be surrendered once the States parties concerned have contributed in full to the financial period 2007–2008 ([SPLOS/203](#) and [SPLOS/217](#));

(d) Savings amounting to €3,302 from the 2009–2010 financial period, which will be surrendered once the States parties concerned have contributed in full to the financial period 2009–2010 ([SPLOS/250](#));

(e) Savings amounting to €1,053 from the 2011–2012 financial period, which will be surrendered and deducted from the contributions of the States parties to the 2015 budget ([SPLOS/275](#));

(f) Savings amounting to €7,354 from the 2013–2014 financial period, which were surrendered and deducted from the contributions of the States parties to the year 2017 ([SPLOS/275](#));

(g) Obligations arising from goods and services procured in the financial period 2017–2018 (€384,027);

(h) The remaining amount (€37) from the staff assessment special account;

(i) Accounts payable totalling €1,642.

All savings from prior years and withholdings from staff assessment will be surrendered once the contributions of the States parties concerned for the respective financial periods have been paid in full in accordance with the Financial Regulations of the Tribunal.

Note 8

Funds and reserves

The total Working Capital Fund currently stands at €1,309,132. This corresponds to the equivalent euro amount of the appropriation decided by the eleventh, twelfth and twenty-fourth Meetings of States Parties ([SPLOS/70](#), [SPLOS/89](#) and [SPLOS/275](#)). Out of this amount, an amount of €767,014 is to be used to cover the cost of considering cases to the extent that the expenditure cannot be met from the case-related cost.

The prior-period gains and reserves stand at €2,030,631 and represent excess income over expenditure from previous financial periods 2005–2006 to 2015–2016, in accordance with regulation 4 of the Financial Regulations of the Tribunal.

The initial reserve balance at 1 January 2017 was €192,840 (savings from the 2015–2016 budget). The interim audit 2018 confirmed that, due to large amount of outstanding contributions, the 2015–2016 cash surplus for the financial period 2015–2016 was negative and no funds could be surrendered (see [SPLOS/318](#)).

Appendix II

Financial report for the financial period 1 January 2017 to 31 December 2018

Introduction

1. The Registrar of the International Tribunal for the Law of the Sea submits herewith the financial report for the financial period 1 January 2017 to 31 December 2018, being the fifteenth financial period and report.
2. The financial report includes: the statement on income, expenditure and changes in reserves and fund balances (appendix I); the statement of assets, liabilities, reserves and fund balances (appendix I); the statement of cash flows (appendix I); the budget performance report for the period 2017–2018 (appendix III); and the status of contributions to the International Tribunal for the Law of the Sea for the period 1996–2018 (appendix IV). Appendices I, II, III and IV are provided in order to facilitate the review of the report by States parties. The statements are in compliance with the Tribunal's Financial Regulations and Rules and are in line with formats agreed for the harmonization of the accounts of agencies and organizations in the United Nations common system. The financial report shows the financial results of the Tribunal's activities in 2017 and 2018. Elements of particular importance are summarized in the following paragraphs.
3. The cash balance of €8,272,322 as at 31 December 2018 represents an increase compared with the cash balance at the end of 2016, which stood at €6,829,040. This increase resulted from an increase in the amount of contributions paid in advance, an increased amount of the budget approved for 2017–2018 in comparison with the 2015–2016 budget and a lower level of total expenditure during the 2017–2018 financial period.

Income

4. Income in the financial period 2017–2018 included assessed contributions amounting to €21,119,904 from 168 States parties (including the European Union). Of the total amount of contributions for the financial period 2017–2018, €965,522 is outstanding as at 31 December 2018. The balance of unpaid contributions with respect to the overall budget of the Tribunal (1996–1997 to 2017–2018) amounted to €1,244,356 on that date. In addition, other net income from various sources, such as interest income, miscellaneous income and the cancellation of prior-period obligations after adjustments for exchange rate losses, totalled €25,897.
5. The Tribunal has maintained its efforts to collect outstanding contributions, resulting in a reduction of overdue balances with respect to the previous budgets of the Tribunal. However, by the end of 2018, the following amounts were still pending: €5,780 for 1996/97; €1,410 for 1998; €1,910 for 1999; €6,049 for 2000; €6,958 for 2001; €6,683 for 2002; €4,498 for 2003; €3,987 for 2004; €8,359 for 2005; €10,277 for 2006; €11,835 for 2007; €12,287 for 2008; €12,859 for 2009; €14,415 for 2010; €18,086 for 2011; €19,460 for 2012; €22,157 for 2013; €28,559 for 2014; €40,229 for 2015; 43,036 for 2016; €85,722 for 2017 and €879,800 for 2018. The balance of unpaid contributions with respect to the overall budgets of the Tribunal (1996–1997 to 2017–2018) therefore amounts to €1,244,356. No provision for doubtful accounts receivable for the overdue balances is envisaged under the Tribunal's Financial Regulations and Rules.

Expenditure

6. The expenditures of the Tribunal for the financial period 2017–2018 totalled €18,105,109, which corresponds to 85.7 per cent of the budget for the period (€21,119,900). During the financial period 2017–2018, the Special Chamber of the Tribunal continued its consideration of Case No. 23, the “Dispute concerning delimitation of the maritime boundary between Ghana and Côte d’Ivoire”, and delivered its judgment in that case on 27 September 2017. The public hearing in Case No. 25, the *M/V Norstar* Case (Panama v. Italy) was held from 10 to 15 September 2018. The Tribunal then started its deliberations after the oral proceedings in October 2018 and the Drafting Committee met in November 2018. The Tribunal will continue its deliberations in 2019 and the judgment will be delivered in April 2019. No urgent proceedings were submitted to the Tribunal during the 2017–2018 financial period.

7. Under section 2 of Part A, “Judges’ pension scheme”, savings amounting to €414,276 were made. The savings mainly resulted from the fact that the provision for pension payment to six judges for 15 months (October 2017 to December 2018) had been included in the budget approved in June 2016, while only four judges retired in October 2017. The number of retiring judges was determined by the results of the elections in June 2017.

8. Under section 3 of Part A, “Staff costs”, savings amounting to €499,669 were made. The savings were achieved mainly in the budget lines “Established posts” and “Common staff costs” owing to the vacant positions in the Registry during the 2017–2018 financial period.

9. Under Part C, “Case-related costs”, savings amounted to €1,875,668. These savings were mainly caused by the fact that the approved 2017–2018 budget included appropriations for two urgent cases, in the amount of €739,250 per urgent case, while no urgent proceedings were submitted to the Tribunal during the financial period.

10. The reduction of the daily subsistence allowance rate for Hamburg from €277 to €266 in December 2017 also added to the savings since part of the judges’ remuneration is calculated on the basis of the allowance rate.

11. Savings under the budget line “Travel to meetings, including judges ad hoc” were achieved due to the fact that, during Cases Nos. 23 and 25, judicial meetings of the Tribunal had been scheduled in conjunction with the regular meetings of the Tribunal on non-judicial matters.

12. The performance rate of the 2017–2018 budget stands at 85.7 per cent. It may be noted that the performance rate of only Part A, “Recurrent expenditure”, and Part B, “Non-recurrent expenditure”, stands at 93.6 per cent.

Special accounts

13. The Meeting of States Parties in June 2018 (see [SPLOS/318](#)) took note of the 2015–2016 cash surplus in the amount of –€183,676. Since the cash surplus was negative, no cash surplus could be surrendered.

14. The Nippon Foundation grant was established in March 2007, following the signature of the Nippon Foundation grant agreement. Pursuant to the agreement between the Tribunal and the Nippon Foundation, the Foundation contributed an amount of €200,000 to “The Nippon Foundation – The International Tribunal for the Law of the Sea Capacity-Building and Training Programme on Dispute Settlement under the United Nations Convention on the Law of the Sea”. In accordance with regulation 6.5 of the Financial Regulations of the Tribunal, a trust fund was subsequently established, and a special euro bank account named “Nippon foundation grant” was set up with Deutsche Bank.

15. In March 2008 and March 2009, the Nippon Foundation made a second and third contribution to the grant in the amount of €200,000 each and nine more contributions in the amount of €230,000 each in March 2010, March 2011, March 2012, March 2013, March 2014, March 2015, March 2016, April 2017 and March 2018. At the beginning of the financial period 2017–2018 the total reserves of the fund amounted to €350,450. As at 31 December 2018, the balance of total reserves was €411,023. The audited financial statement for the Nippon Foundation grant will be circulated at the Meeting of States Parties in June 2019.

16. Pursuant to regulation 6.5 of its Financial Regulations, the Tribunal established a trust fund for the law of the sea in October 2009. The trust fund is intended to promote the advancement of human resources in developing countries in the law of the sea and maritime affairs in general. Several contributions to the trust fund were received between 2009 and 2016. Korwind, a Hamburg-based company of the Republic of Korea working in the field of renewable energy contributed €25,000, the Korea Maritime Institute made several contributions in the total amount €141,000. During the 2017–2018 financial period, contributions from the Korea Maritime Institute in the amount of €104,482 and a contribution from China in the amount of €150,000 were received. Since July 2012, the trust fund has been used to support the Tribunal's internship programme and provide financial assistance to interns from developing countries. The trust fund has also been used to finance a regional workshop held in Costa Rica in May 2017 and in Cabo Verde in May 2018. As at 31 December 2018, the balance of total reserves stood at €232,461. The audited financial statement for the trust fund will be circulated at the Meeting of States Parties in June 2019.

17. Following the signing of a memorandum of understanding between the Tribunal and the China Institute of International Studies (CIIS) on 3 May 2012, a trust fund – designated as the CIIS grant – was set up to support the Tribunal's internship programme, the Summer Academy of the International Foundation for the Law of the Sea and other projects, including regional workshops. As at 31 December 2018, the balance of the fund was €0; the bank account was closed in August 2018.

18. “The trust fund for the twentieth anniversary of the Tribunal” was set up as a fund to provide financial assistance for the organization of events and activities on the occasion of the twentieth anniversary of the Tribunal in 2016. In March 2017, the activities relating to the Tribunal's twentieth anniversary had been concluded and the funds had been fully utilized. The special bank account was closed in May 2017.

Institutional arrangements

19. The financial records of the Tribunal have been maintained in the network version of the Sun computerized accounting system.

(Signed) Philippe **Gautier**
Registrar

Appendix III

Budget performance report for the period 2017–2018 as at 31 December 2018

(In euros)

			2017–2018 approved budget	2017 expenditure (as at 31/12/2017)	2018 disbursement (as at 31/12/2018)	2017–2018 total expenditure (as at 31/12/2018)	Balance	Total expenditure as a percentage of approved budget	
1	A	Recurrent expenditure							1
2	1	Judges	4 393 000	2 129 284	2 111 336	4 240 620	152 380	96.53	2
3	1.1	Annual allowances	3 124 400	1 522 531	1 564 860	3 087 391	37 009	98.82	3
4	1.2	Special allowances	851 400	382 183	397 690	779 873	71 527	91.60	4
5	1.3	Travel to session	276 700	121 542	114 994	236 536	40 164	85.48	5
6	1.4	Common costs	140 500	103 028	33 792	136 820	3 680	97.38	6
7	2	Judges' pension scheme	1 857 300	651 586	791 438	1 443 024	414 276	77.69	7
8	3	Staff costs	7 749 600	3 709 774	3 540 157	7 249 931	499 669	93.55	8
9	3.1	Established posts	5 088 000	2 489 352	2 382 806	4 872 158	215 842	95.76	9
10	3.2	Common staff costs	2 249 800	1 080 631	948 473	2 029 104	220 696	90.19	10
11	3.3	Overtime	25 000	11 260	8 688	19 948	5 052	79.79	11
12	3.4	Temporary assistance for meetings	205 500	78 724	86 802	165 526	39 974	80.55	12
13	3.5	General temporary assistance	107 900	21 535	71 529	93 064	14 836	86.25	13
14	3.6	Training	73 400	28 272	41 859	70 131	3 269	95.55	14
15	4	Representation allowance	13 600	6 765	6 437	13 202	398	97.07	15
16	5	Official travel	181 600	87 382	83 955	171 337	10 263	94.35	16
17	6	Hospitality	14 400	5 706	7 239	12 945	1 455	89.90	17
18	7	Operating expenditures	3 022 400	1 309 444	1 654 385	2 963 829	58 571	98.06	18
19	7.1	Maintenance of premises (including security)	2 289 900	998 835	1 290 570	2 289 405	495	99.98	19
20	7.2	Rental and maintenance of equipment	358 200	156 602	177 647	334 249	23 951	93.31	20
21	7.3	Communications	190 600	105 882	70 069	175 951	14 649	92.31	21
22	7.4	Miscellaneous services and charges (including bank charges)	41 300	14 142	16 489	30 631	10 669	74.17	22
23	7.5	Supplies and materials	123 300	33 983	88 010	121 993	1 307	98.94	23
24	7.6	Special services (external audit)	19 100	0	11 600	11 600	7 500	60.73	24
25	8	Library and related costs	325 600	156 988	168 400	325 388	212	99.93	25
26	8.1	Library – procurement of books and publications	247 000	117 747	129 064	246 811	189	99.92	26

	<i>Part/section</i>	<i>Objects of expenditure</i>	<i>2017–2018 approved budget</i>	<i>2017 expenditure (as at 31/12/2017)</i>	<i>2018 disbursement (as at 31/12/2018)</i>	<i>2017–2018 total expenditure (as at 31/12/2018)</i>	<i>Balance</i>	<i>Total expenditure as a percentage of approved budget</i>	
27	8.2	External printing and binding	78 600	39 241	39 336	78 577	23	99.97	27
28									28
29	B	Non-recurrent expenditure							29
30	9	Purchase of equipment							30
31	9.1	Furniture and equipment	155 600	62 900	90 801	153 701	1 899	98.78	31
32									32
33	C	Case-related costs	3 406 800	713 055	818 077	1 531 132	1 875 668	44.94	33
34	10	Judges	2 221 000	280 407	576 535	856 942	1 364 058	38.58	34
35	10.1	Special allowances	1 666 200	170 739	494 142	664 881	1 001 319	39.90	35
36	10.2	Compensation to judges ad hoc	306 100	92 275	62 717	154 992	151 108	50.63	36
37	10.3	Travel to meetings, including judges ad hoc	248 700	17 393	19 676	37 069	211 631	14.91	37
38	11	Staff costs	1 185 800	432 648	241 542	674 190	511 610	56.86	38
39		Temporary assistance for meetings	1 140 800	428 688	234 178	662 866	477 934	58.11	39
40		Overtime	45 000	3 960	7 364	11 324	33 676	25.16	40
41									41
42		Total	21 119 900	8 832 884	9 272 225	18 105 109	3 014 791	85.73	42

Appendix IV

Status of the 1996–2018 contributions to the International Tribunal for the Law of the Sea

(In euros)

31 December 2018

States parties	2018 scale of assessments (percentage)	Contributions assessed				Collections	Contributions outstanding			
		Previous financial periods (1996–2014)	Last financial period 2015–2016	Current financial period ^a 2017–2018	Total ^a		Previous financial periods ^b (1996–2014)	Last financial period (2015–2016)	Current financial period ^c (2017–2018)	Total outstanding
Albania	0.0108	11 263	2 512	2 254	16 029	14 902	0	0	1 127	1 127
Algeria	0.2167	180 762	34 421	45 350	260 533	282 565	0	0	(22 032)	(22 032)
Angola	0.0135	15 661	2 512	2 816	20 989	20 976	0	0	12	12
Antigua and Barbuda	0.0100	12 656	1 865	2 092	16 613	15 567	0	0	1 046	1 046
Argentina	1.2005	1 170 732	108 538	251 258	1 530 528	1 404 899	0	0	125 629	125 629
Armenia	0.0100	10 169	1 865	2 092	14 126	15 143	0	0	(1 017)	(1 017)
Australia	3.1452	3 114 585	521 082	658 284	4 293 951	4 613 756	0	0	(319 805)	(319 805)
Austria	0.9690	1 591 921	200 493	202 808	1 995 222	1 995 222	0	0	(0)	(0)
Azerbaijan	0.0807	0	2 502	16 900	19 402	19 402	0	0	0	0
Bahamas	0.0188	28 030	4 271	3 944	36 245	34 272	0	0	1 972	1 972
Bahrain	0.0592	53 147	9 799	12 394	75 340	81 361	0	0	(6 021)	(6 021)
Bangladesh	0.0135	14 751	2 512	2 816	20 079	20 078	0	0	0	0
Barbados	0.0100	15 823	2 010	2 092	19 925	19 924	0	0	(0)	(0)
Belarus	0.0754	34 966	14 070	15 774	64 810	56 923	0	0	7 887	7 887
Belgium	1.1911	1 819 940	250 742	249 286	2 319 968	2 319 968	0	0	(0)	(0)
Belize	0.0100	12 521	1 865	2 092	16 478	15 432	0	0	1 046	1 046
Benin	0.0100	12 013	1 865	2 092	15 970	16 988	0	0	(1 017)	(1 017)
Bolivia (Plurinational State of)	0.0161	14 525	2 261	3 380	20 166	20 166	0	0	0	0
Bosnia and Herzegovina	0.0175	17 096	4 271	3 662	25 029	25 029	0	0	0	0
Botswana	0.0188	24 345	4 271	3 944	32 560	33 051	0	0	(492)	(492)
Brazil	5.1451	2 906 867	737 152	1 076 858	4 720 877	4 182 273	0	0	538 604	538 604
Brunei Darussalam	0.0390	49 473	6 533	8 168	64 174	68 142	0	0	(3 968)	(3 968)
Bulgaria	0.0606	49 575	11 809	12 676	74 060	74 060	0	0	0	0
Burkina Faso	0.0100	9 139	1 865	2 092	13 096	10 903	0	101	2 092	2 193

States parties	2018 scale of assessments (percentage)	Contributions assessed				Collections	Contributions outstanding			
		Previous financial periods (1996–2014)	Last financial period 2015–2016	Current financial period ^a 2017–2018	Total ^a		Previous financial periods ^b (1996–2014)	Last financial period (2015–2016)	Current financial period ^c (2017–2018)	Total outstanding
Cameroon	0.0135	18 464	3 015	2 816	24 295	18 349	114	3 015	2 816	5 945
Canada	3.9311	3 925 807	749 714	822 784	5 498 305	5 898 027	0	0	(399 722)	(399 722)
Cabo Verde	0.0100	12 590	1 865	2 092	16 547	15 683	0	0	864	864
Chad	0.0100	5 428	1 865	2 092	9 385	6 016	0	1 277	2 092	3 369
Chile	0.5370	355 058	83 916	112 390	551 364	551 364	0	0	0	0
China	10.6602	4 291 338	1 293 408	2 231 178	7 815 924	8 899 868	0	0	(1 083 944)	(1 083 944)
Comoros	0.0100	12 521	1 865	2 092	16 478	94	12 427	1 865	2 092	16 384
Congo	0.0100	6 288	1 865	2 092	10 245	5 288	1 000	1 865	2 092	4 957
Cook Islands ^d	0.0100	12 521	1 865	2 092	16 478	16 455	0	0	23	23
Costa Rica	0.0633	49 966	9 547	13 238	72 751	72 965	0	0	(214)	(214)
Côte d'Ivoire	0.0121	17 547	2 764	2 536	22 847	24 078	0	0	(1 232)	(1 232)
Croatia	0.1332	112 728	31 657	27 886	172 271	172 270	0	0	0	0
Cuba	0.0875	89 900	17 336	18 310	125 546	125 545	0	0	(0)	(0)
Cyprus	0.0579	73 736	11 809	12 112	97 657	103 541	0	0	(5 884)	(5 884)
Czechia	0.4630	449 196	96 980	96 898	643 074	690 147	0	0	(47 074)	(47 074)
Democratic Republic of the Congo	0.0108	13 480	1 865	2 254	17 599	94	13 386	1 865	2 254	17 505
Denmark	0.7860	906 985	169 591	164 500	1 241 076	1 241 076	0	0	0	0
Djibouti	0.0100	12 521	1 865	2 092	16 478	4 281	8 240	1 865	2 092	12 197
Dominica	0.0100	12 521	1 865	2 092	16 478	3 231	9 290	1 865	2 092	13 247
Dominican Republic	0.0619	27 509	11 306	12 958	51 773	47 120	0	0	4 653	4 653
Ecuador	0.0902	13 124	11 054	18 872	43 050	43 825	0	0	(774)	(774)
Egypt	0.2046	169 949	33 667	42 816	246 432	225 023	0	0	21 408	21 408
Equatorial Guinea	0.0135	12 528	2 512	2 816	17 856	11 758	770	2 512	2 816	6 098
Estonia	0.0511	30 796	10 050	10 704	51 550	56 749	0	0	(5 200)	(5 200)
Eswatini	0.0100	2 357	1 865	2 092	6 314	4 411	0	0	1 903	1 903
European Union ^e	n.a.	1 183 544	170 730	190 000	1 544 274	1 544 274	0	0	0	0
Fiji	0.0100	12 929	1 865	2 092	16 886	16 886	0	0	0	0
Finland	0.6137	991 607	130 396	128 446	1 250 449	1 250 449	0	0	(0)	(0)

States parties	2018 scale of assessments (percentage)	Contributions assessed				Collections	Contributions outstanding			
		Previous financial periods (1996–2014)	Last financial period 2015–2016	Current financial period ^a 2017–2018	Total ^a		Previous financial periods ^b (1996–2014)	Last financial period (2015–2016)	Current financial period ^c (2017–2018)	Total outstanding
France	6.5393	11 227 197	1 405 212	1 368 678	14 001 087	14 001 087	0	0	0	0
Gabon	0.0229	21 806	5 025	4 788	31 619	29 001	0	0	2 617	2 617
Gambia	0.0100	12 521	1 865	2 092	16 478	458	12 063	1 865	2 092	16 020
Georgia	0.0108	25 424	1 865	2 254	29 543	29 543	0	0	0	0
Germany	8.5984	15 730 856	1 794 138	1 799 646	19 324 640	19 324 639	0	0	(0)	(0)
Ghana	0.0215	14 350	3 517	4 506	22 373	18 652	0	0	3 721	3 721
Greece	0.6339	999 240	160 294	132 670	1 292 204	1 292 204	0	0	0	0
Grenada	0.0100	12 521	1 865	2 092	16 478	15 862	0	0	616	616
Guatemala	0.0377	48 221	6 784	7 888	62 893	59 676	0	0	3 217	3 217
Guinea	0.0100	12 794	1 865	2 092	16 751	94	12 700	1 865	2 092	16 657
Guinea-Bissau	0.0100	12 521	1 865	2 092	16 478	94	12 427	1 865	2 092	16 384
Guyana	0.0100	12 521	1 865	2 092	16 478	16 543	0	0	(66)	(66)
Haiti	0.0100	12 656	1 865	2 092	16 613	17 582	0	0	(969)	(969)
Honduras	0.0108	13 115	2 010	2 254	17 379	17 355	0	0	24	24
Hungary	0.2167	306 742	66 831	45 350	418 923	440 954	0	0	(22 032)	(22 032)
Iceland	0.0310	63 564	6 784	6 478	76 826	76 827	0	0	(0)	(0)
India	0.9919	790 531	167 329	207 598	1 165 458	1 165 459	0	0	(0)	(0)
Indonesia	0.6783	354 838	86 931	141 966	583 735	583 735	0	0	(0)	(0)
Iraq	0.1736	77 943	17 085	36 336	131 364	99 905	0	0	31 459	31 459
Ireland	0.4508	675 051	105 020	94 362	874 433	920 276	0	0	(45 843)	(45 843)
Italy	5.0441	9 097 237	1 117 537	1 055 732	11 270 506	11 270 506	0	0	0	0
Jamaica	0.0121	17 450	2 764	2 536	22 750	21 481	0	0	1 268	1 268
Japan	13.0275	27 570 436	2 721 734	2 726 652	33 018 822	33 018 822	0	0	(0)	(0)
Jordan	0.0269	21 022	5 527	5 634	32 183	32 184	0	0	(0)	(0)
Kenya	0.0242	17 647	3 266	5 070	25 983	28 446	0	0	(2 463)	(2 463)
Kiribati	0.0100	10 169	1 865	2 092	14 126	15 143	0	0	(1 017)	(1 017)
Kuwait	0.3836	347 333	68 590	80 278	496 201	456 591	0	0	39 610	39 610
Lao People's Democratic Republic	0.0100	11 749	1 865	2 092	15 706	15 589	0	0	117	117

States parties	2018 scale of assessments (percentage)	Contributions assessed				Collections	Contributions outstanding			
		Previous financial periods (1996–2014)	Last financial period 2015–2016	Current financial period ^a 2017–2018	Total ^a		Previous financial periods ^b (1996–2014)	Last financial period (2015–2016)	Current financial period ^c (2017–2018)	Total outstanding
Latvia	0.0673	33 346	11 809	14 084	59 239	66 081	0	0	(6 842)	(6 842)
Lebanon	0.0619	47 064	10 552	12 958	70 574	70 574	0	0	0	0
Lesotho	0.0100	7 355	1 865	2 092	11 312	0	7 355	1 865	2 092	11 312
Liberia	0.0100	6 075	1 865	2 092	10 032	1 063	5 012	1 865	2 092	8 969
Lithuania	0.0969	57 007	18 340	20 280	95 627	95 627	0	0	(0)	(0)
Luxembourg	0.0861	126 100	20 351	18 028	164 479	164 479	0	0	(0)	(0)
Madagascar	0.0100	10 862	1 865	2 092	14 819	13 685	0	0	1 134	1 134
Malawi	0.0100	4 343	1 865	2 092	8 300	0	4 343	1 865	2 092	8 300
Malaysia	0.4334	386 784	70 600	90 700	548 084	548 084	0	0	0	0
Maldives	0.0100	11 219	1 865	2 092	15 176	10 219	1 000	1 865	2 092	4 957
Mali	0.0100	12 720	1 865	2 092	16 677	15 631	0	0	1 046	1 046
Malta	0.0215	27 701	4 020	4 506	36 227	38 417	0	0	(2 190)	(2 190)
Marshall Islands	0.0100	12 521	1 865	2 092	16 478	15 892	0	0	585	585
Mauritania	0.0100	12 521	1 865	2 092	16 478	7 158	5 363	1 865	2 092	9 320
Mauritius	0.0161	19 469	3 266	3 380	26 115	26 115	0	0	0	0
Mexico	1.9313	3 202 073	462 793	404 210	4 069 076	4 069 075	0	0	0	0
Micronesia (Federated States of)	0.0100	12 521	1 865	2 092	16 478	17 734	0	0	(1 256)	(1 256)
Monaco	0.0135	13 513	3 015	2 816	19 344	19 344	0	0	0	0
Mongolia	0.0100	12 656	1 865	2 092	16 613	16 613	0	0	0	0
Montenegro	0.0100	7 764	1 865	2 092	11 721	12 828	0	0	(1 107)	(1 107)
Morocco	0.0727	50 898	15 577	15 210	81 685	81 685	0	0	0	0
Mozambique	0.0100	12 323	1 865	2 092	16 280	11 444	880	1 865	2 092	4 837
Myanmar	0.0135	15 718	2 512	2 816	21 046	21 050	0	0	(4)	(4)
Namibia	0.0135	14 358	2 512	2 816	19 686	15 850	0	1 020	2 816	3 836
Nauru	0.0100	12 521	1 865	2 092	16 478	479	12 042	1 865	2 092	15 999
Nepal	0.0100	11 970	1 865	2 092	15 927	16 920	0	0	(992)	(992)
Netherlands	1.9945	3 161 099	415 559	417 448	3 994 106	3 994 106	0	0	0	0
New Zealand	0.3607	442 309	63 565	75 490	581 364	618 038	0	0	(36 674)	(36 674)
Nicaragua	0.0100	11 489	1 865	2 092	15 446	16 500	0	0	(1 054)	(1 054)

States parties	2018 scale of assessments (percentage)	Contributions assessed				Collections	Contributions outstanding			
		Previous financial periods (1996–2014)	Last financial period 2015–2016	Current financial period ^a 2017–2018	Total ^a		Previous financial periods ^b (1996–2014)	Last financial period (2015–2016)	Current financial period ^c (2017–2018)	Total outstanding
Niger	0.0100	1 578	1 865	2 092	5 535	0	1 578	1 865	2 092	5 535
Nigeria	0.2813	108 853	22 612	58 870	190 335	108 822	30	22 612	58 870	81 512
Niue ^d	0.0100	7 764	1 865	2 092	11 721	10 675	0	0	1 046	1 046
Norway	1.1426	1 327 533	213 809	239 146	1 780 488	1 780 488	0	0	(0)	(0)
Oman	0.1521	128 767	25 627	31 830	186 224	186 223	0	0	0	0
Pakistan	0.1252	116 960	21 356	26 196	164 512	177 202	0	0	(12 689)	(12 689)
Palau	0.0100	12 414	1 865	2 092	16 371	11 263	1 151	1 865	2 092	5 108
Panama	0.0458	35 411	6 533	9 578	51 522	51 580	0	0	(58)	(58)
Papua New Guinea	0.0100	13 143	1 865	2 092	17 100	14 313	0	695	2 092	2 787
Paraguay	0.0188	19 331	2 512	3 944	25 787	42 493	0	0	(16 707)	(16 707)
Philippines	0.2221	166 069	38 692	46 478	251 239	251 238	0	0	0	0
Poland	1.1318	916 205	231 397	236 892	1 384 494	1 499 580	0	0	(115 086)	(115 086)
Portugal	0.5276	834 852	119 090	110 418	1 064 360	1 064 359	0	0	(0)	(0)
Qatar	0.3620	140 141	52 510	75 772	268 423	305 234	0	0	(36 811)	(36 811)
Republic of Korea	2.7441	3 280 805	500 982	574 344	4 356 131	4 356 133	0	0	(0)	(0)
Republic of Moldova	0.0100	7 568	1 865	2 092	11 525	12 542	0	0	(1 017)	(1 017)
Romania	0.2476	187 862	56 781	51 828	296 471	270 558	0	0	25 914	25 914
Russian Federation	4.1559	2 701 978	612 535	869 824	4 184 337	4 184 337	0	0	0	0
Saint Kitts and Nevis	0.0100	12 521	1 865	2 092	16 478	13 911	0	475	2 092	2 567
Saint Lucia	0.0100	12 521	1 865	2 092	16 478	16 464	0	0	14	14
Saint Vincent and the Grenadines	0.0100	12 521	1 865	2 092	16 478	11 632	890	1 865	2 092	4 847
Samoa	0.0100	12 521	1 865	2 092	16 478	17 512	0	0	(1 034)	(1 034)
Sao Tome and Principe	0.0100	12 521	1 865	2 092	16 478	94	12 427	1 865	2 092	16 384
Saudi Arabia	1.5423	1 294 267	217 076	322 804	1 834 147	1 834 147	0	0	0	0
Senegal	0.0100	13 203	1 865	2 092	17 160	16 114	0	0	1 046	1 046
Serbia	0.0431	56 558	10 050	9 014	75 622	75 622	0	0	(0)	(0)
Seychelles	0.0100	12 656	1 865	2 092	16 613	16 613	0	0	(0)	(0)
Sierra Leone	0.0100	12 521	1 865	2 092	16 478	14 568	0	0	1 910	1 910
Singapore	0.6016	584 259	96 478	125 910	806 647	867 817	0	0	(61 169)	(61 169)

States parties	2018 scale of assessments (percentage)	Contributions assessed				Collections	Contributions outstanding			
		Previous financial periods (1996–2014)	Last financial period 2015–2016	Current financial period ^a 2017–2018	Total ^a		Previous financial periods ^b (1996–2014)	Last financial period (2015–2016)	Current financial period ^c (2017–2018)	Total outstanding
Slovakia	0.2153	147 505	42 962	45 068	235 535	257 430	0	0	(21 895)	(21 895)
Slovenia	0.1130	156 522	25 124	23 662	205 308	205 309	0	0	(0)	(0)
Solomon Islands	0.0100	12 126	1 865	2 092	16 083	17 216	0	0	(1 133)	(1 133)
Somalia	0.0100	12 521	1 865	2 092	16 478	94	12 427	1 865	2 092	16 384
South Africa	0.4899	602 947	93 463	102 532	798 942	798 942	0	0	(0)	(0)
Spain	3.2878	4 979 613	746 951	688 142	6 414 706	6 414 707	0	0	(0)	(0)
Sri Lanka	0.0417	30 148	6 282	8 732	45 162	45 828	0	0	(666)	(666)
State of Palestine	0.0100	0	1 865	2 092	3 957	2 835	0	0	1 123	1 123
Sudan	0.0135	16 036	2 512	2 816	21 364	1 060	14 976	2 512	2 816	20 304
Suriname	0.0100	12 048	1 865	2 092	16 005	14 147	0	0	1 858	1 858
Sweden	1.2866	1 898 106	241 194	269 286	2 408 586	2 408 586	0	0	0	0
Switzerland	1.5342	848 743	263 053	321 114	1 432 910	1 432 910	0	0	0	0
Thailand	0.3916	111 678	60 047	81 968	253 693	293 515	0	0	(39 822)	(39 822)
The former Yugoslavia Republic of Macedonia	0.0100	13 078	2 010	2 092	17 180	13 315	0	1 773	2 092	3 865
Timor-Leste	0.0100	2 104	1 865	2 092	6 061	4 287	0	0	1 774	1 774
Togo	0.0100	12 588	1 865	2 092	16 545	17 899	0	0	(1 354)	(1 354)
Tonga	0.0100	12 521	1 865	2 092	16 478	15 406	0	0	1 072	1 072
Trinidad and Tobago	0.0458	51 355	11 054	9 578	71 987	71 987	0	0	0	0
Tunisia	0.0377	55 582	9 045	7 888	72 515	68 571	0	0	3 944	3 944
Tuvalu	0.0100	10 169	1 865	2 092	14 126	7 449	2 720	1 865	2 092	6 677
Uganda	0.0121	12 929	1 865	2 536	17 330	11 005	1 924	1 865	2 536	6 325
Ukraine	0.1386	129 583	24 873	29 012	183 468	197 563	0	0	(14 095)	(14 095)
United Kingdom of Great Britain and Northern Ireland	6.0064	10 532 250	1 301 197	1 257 132	13 090 579	13 701 315	0	0	(610 736)	(610 736)
United Republic of Tanzania	0.0135	13 256	2 261	2 816	18 333	18 541	0	0	(208)	(208)
Uruguay	0.1063	77 275	13 064	22 252	112 591	112 591	0	0	(0)	(0)
Vanuatu	0.0100	11 662	1 865	2 092	15 619	16 287	0	0	(668)	(668)
Viet Nam	0.0781	40 727	10 552	16 338	67 617	75 554	0	0	(7 937)	(7 937)
Yemen	0.0135	15 662	2 512	2 816	20 990	10 946	4 715	2 512	2 816	10 043

<i>States parties</i>	<i>2018 scale of assessments (percentage)</i>	<i>Contributions assessed</i>				<i>Collections</i>	<i>Contributions outstanding</i>			
		<i>Previous financial periods (1996–2014)</i>	<i>Last financial period 2015–2016</i>	<i>Current financial period^a 2017–2018</i>	<i>Total^a</i>		<i>Previous financial periods^b (1996–2014)</i>	<i>Last financial period (2015–2016)</i>	<i>Current financial period^c (2017–2018)</i>	<i>Total outstanding</i>
Zambia	0.0100	12 720	1 865	2 092	16 677	94	12 626	1 865	2 092	16 583
Zimbabwe	0.0100	14 325	1 865	2 092	18 282	2 632	11 693	1 865	2 092	15 650
Total	100.00	131 155 734	18 817 600	21 119 900	171 093 188	172 812 823	195 570	83 264	965 522	1 244 356

Abbreviation: n.a., not applicable.

^a Agreed contributions in accordance with the Financial Regulations of the Tribunal. For period 2017–2018 see [SPLOS/301](#).

^b Not a member of the United Nations; assessed with the floor rate.

^c Total subject to rounding differences.

^d Figures in brackets indicate credits being carried forward towards 2019 (€2,963,996).

^e A total of 12 States parties have not contributed in full towards the period 1996–2004. The amount outstanding for that period is €37,275. In total, 10 States parties have not yet paid any contributions towards the budgets of the Tribunal.

Appendix V

Performance reports for grants given to the International Tribunal for the Law of the Sea

(In euros)

A. Nippon Foundation grant for the period from 1 January 2017 to 31 December 2018

	2017–2018
Income	
Grants from Nippon Foundation	460 000
Interest income	0
Gains and losses on exchange	-26
Net income	459 974
Expenditures	
Participants (subsistence allowance, travel and insurance)	255 318
Lecturers (subsistence allowance and travel)	82 181
General administrative expenses	59 512
Non-refundable taxes	2 074
Obligations	0
Total expenditures	399 085
Excess of income over expenditure	60 889
Assets	
Cash and term deposits	411 023
Accounts receivables	-262
Prepaid expenses	577
Total assets	411 338
Liabilities	
Payable accounts	0
Net assets	411 338
Reserves	
Prior-period reserve	350 449
Excess of income over expenditure	60 889
Total reserves	411 338

B. Trust fund for the law of the sea for the period from 1 January 2017 to 31 December 2018

	2017–2018
Income	
Contributions	254 482
Interest income	0
Gain on exchange	35
Net income	254 517
Expenditures	
Internship programme	34 262
Workshops	18 308
Bank charges	1 401
Obligations	0
Total expenditures	53 971
Excess of income over expenditure	200 546
Assets	
Cash and term deposits	232 461
Accounts receivables	0
Total assets	232 461
Liabilities	
Payable accounts	0
Net assets	232 461
Reserves	
Prior-period reserve	31 915
Excess of income over expenditure	200 546
Total reserves	232 461

Appendix VI

Audit procedures and results of additional audit scope

According to the assignment, we have audited the following aspects of operating procedures in addition to our audit of the financial statements for the financial period from 1 January 2017 to 31 December 2018:

- (a) Whether expenses incurred during this financial period are in accordance with the appropriations approved by the Meeting of States Parties;
- (b) Whether expenditures incurred have been appropriately authorized by the party designated for that purpose in the Rules of the Tribunal or the Financial Regulations and Rules of the Tribunal;
- (c) Whether staff and person being paid by the Tribunal have been recruited or engaged in the manner provided for in the Rules of the Tribunal or the Staff Regulations and Rules of the Tribunal;
- (d) Whether goods and services have been procured in accordance with the procedures provided for in the Financial Regulations and Rules of the Tribunal;
- (e) Whether goods and services which had been procured were in line with the approved budget, properly recorded and not excessive, having regard to circumstances and the functions of the Tribunal;
- (f) Whether the grant given to the Tribunal by the Nippon Foundation and the trust fund for the law of the sea maintained in separate trustee accounts were administered in accordance with the relevant memorandums and terms of reference.

As part of our audit of the financial statements the following additional procedures have been performed by us:

1. Approval of expenses

As instructed, we have audited whether the expenses incurred during the financial period 2017–2018 are in accordance with the appropriations approved by the Meeting of States Parties.

From the approved budget for the financial period 2017–2018 amounting to €21,119,900, a total amount of €18,105,109 was spent against approved budget lines, resulting in savings of €3,014,791 (appendix III). The overall budget was underspent, no overexpenditures incurred in the budget lines. We refer also to the explanations in the notes to the Financial Statements and the Financial Report in appendices I and II.

2. Authorization of expenditures

We have audited the procedures for the authorization of expenditures as outlined in the Financial Regulations and Rules of the Tribunal and tested on a sample basis if these procedures have been strictly followed by the Tribunal in all material respects.

As a result of the work done, no significant matter came to our attention. In our opinion the procedures for the authorization of expenditures were carried out in accordance with the Rules of the Tribunal and the Financial Regulations and Rules of the Tribunal.

3. Procedures for recruiting/engaging staff

In the period 2017–2018 the Tribunal recruited five new staff members. We have audited on a sample basis if the procedures for recruiting and engaging of the new staff members were in line with the Rules of the Tribunal or the Staff Regulations and Rules of the Tribunal.

As a result of the work done, no discrepancies came to our attention. The Tribunal has carried out the procedures for recruiting and engaging staff in accordance with the Rules of the Tribunal or the Staff Regulations and Rules of the Tribunal.

4. Procedures for procurement of goods and services

We have audited if the procedures followed by the Tribunal in the order process were in line with the Financial Regulations and Rules of the Tribunal (i.e. include request of bids or tenders, fair analysis of tenders, written contracts etc.) and tested on a sample basis, that these procedures have been followed by the Tribunal in all material respects.

As a result of the work done we found the procedures for procurement of goods and services were in all material respects carried out in accordance with the Financial Regulations and Rules of the Tribunal.

5. Examination whether goods and services which have been procured are in line with the approved budget, properly recorded and not excessive, having regard to circumstances and the functions of the Tribunal

We conducted audit procedures to determine whether: (a) the expenditures reported for the financial period have been properly included in the statement of income and expenditures and have been charged to the appropriate budget line; and (b) the goods and services procured were necessary or not excessive with regard to circumstances and the functions of the Tribunal.

In our opinion, the expenditures for the financial period have been properly included in the statement of income and expenditures and have been charged to the appropriate budget line. The overexpenditures in the financial period could be reasonably explained and were compensated by savings under other budget lines. The equipment acquired during the financial period 2017–2018 is duly registered in the inventory list and is being used as required by the circumstances and the functions of the Tribunal.

6. Examination regarding the Nippon Foundation grant, the trust fund for the law of the sea and the China Institute of International Studies grant*Nippon Foundation grant*

We have audited whether the grant given to the Tribunal by the NIPPON Foundation, maintained in a separate trustee account, is administered in accordance with the Nippon Foundation grant agreements.

Pursuant to the agreements, the Nippon Foundation contributed an amount of €460,000 in the period 2017–2018 to “the Nippon Foundation – the International Tribunal for the Law of the Sea capacity-building and training programme on dispute settlement under the United Nations Convention on the Law of the Sea”. The purpose of the grant is to finance the expenses of participations from developing countries in

the aforementioned programme. The Nippon Foundation grant was invested in a special bank account.

During the financial period 2017–2018, the sum of €399,085 was withdrawn from the Nippon Foundation grant to provide funding for the programme's activities. In the financial period, participants from several developing countries had taken part in the programme.

As at 31 December 2018, the special bank account of the Nippon Foundation grant shows a balance of €411,023.

We also refer to the performance report of the Nippon Foundation grant in appendix V.

Trust fund for the law of the sea

Total contributions in the amount of €254,482 were made to the trust fund as explained in the financial report in appendix II. For the trust fund a special bank account was set up.

During the financial period 2017–2018, an amount of €53,971 was withdrawn to provide funding to the internship programme of the Tribunal.

The special bank account shows a balance of €232,461 as at 31 December 2018.

We also refer to the performance report of the trust fund in appendix V.
