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**Consideration of administrative and budgetary matters of
the International Tribunal for the Law of the Sea: report
of the external auditor for the financial period 2022**

Report of the external auditor for the financial period 2022, with financial statements of the International Tribunal for the Law of the Sea as at 31 December 2022

(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 to 31 December 2022 in October 2022 and in January and February 2023 and submitted its report on 15 February 2023 (see annex). 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 21 December 2020, signed by the Registrar of the Tribunal.
2. It is noted from the report that the Auditor was of the view that on the basis of the knowledge obtained in the audit, the accompanying financial statements gave a true and fair view of the Tribunal’s assets, liabilities and financial position as at 31 December 2022 and of its financial performance for the period from 1 January to 31 December 2022 in accordance with the International Public Sector Accounting Standards.
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/33/L.1](#).



Annex

Report of the external auditor for the financial period 2022, with financial statements of the International Tribunal for the Law of the Sea as at 31 December 2022

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

I. Audit engagement

At the thirtieth Meeting of States Parties to the United Nations Convention on the Law of the Sea on 9 December 2020, we were appointed auditors of the International Tribunal for the Law of the Sea, Hamburg, for the financial period from 1 January to 31 December 2022. Thereupon, the Registrar of the Tribunal engaged us to audit the financial statements of the Tribunal for the period from 1 January to 31 December 2022 in accordance with paragraph 317 ff. of the German Commercial Code, with the exception that original version of the assurance opinion be issued in English, and with the International Public Sector Accounting Standards (IPSAS).

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

The present report is intended solely for the Tribunal.

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 German public audit firms, as amended on 1 January 2017 (see [SPLOS/30/3](#), annex I, appendices II and III).

II. Report of the independent Auditor

We have included the accompanying financial statements of the International Tribunal for the Law of the Sea, Hamburg, for the period from 1 January to 31 December 2022 in the present report (see appendix I). They comprise the statement of financial performance (statement II), the statement of financial position (statement I), the statement of changes in net assets/equity (statement III), the statement of cash flows (statement IV), the statement of comparison of budget and actual amounts (statement V) and the notes to the financial statement, in the version for which the unqualified audit opinion was signed and issued in Lübeck on 15 February 2023.

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, for the period from 1 January to 31 December 2022. They comprise the statement of financial performance, the statement of financial position, the statement of changes in net assets/equity, the statement of cash flows, the statement of comparison of budget and actual amounts and the notes to the financial statement, including a summary of significant accounting policies and other explanatory notes.

Audit opinion

In our opinion, on the basis of the knowledge obtained in the audit, the accompanying financial statements give a true and fair view of the Tribunal's assets, liabilities and financial position as at 31 December 2022 and of its financial performance for the period from 1 January to 31 December 2022 in accordance with IPSAS.

In accordance with the first sentence of paragraph 322 (3) of the German Commercial Code, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements.

Basis for the audit opinion

We have conducted our audit of the financial statements in accordance with paragraph 317 of the German Commercial Code, with the exception that the original version of the assurance opinion is in English, and with the German generally accepted standards for financial statement audits promulgated by the Institute of Public Auditors in Germany. Our responsibilities under those requirements and principles are further described in the relevant section below. We are independent of the Tribunal, in accordance with the requirements of German professional law, and we have fulfilled our other German professional responsibilities in accordance with those requirements. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the financial statements.

Registrar's responsibilities with regard to the financial statements

The Registrar is responsible for the preparation of financial statements that comply, in all material respects, with IPSAS and that give a true and fair view of the Tribunal's assets, liabilities, financial position and financial performance. In addition, the Registrar is responsible for such internal control as has been deemed necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Registrar is responsible for assessing the Tribunal's ability to continue as a going concern. The Registrar is also responsible for disclosing, as applicable, matters related to going concern and for financial reporting based on the going-concern basis of accounting, provided that no actual or legal circumstances conflict therewith.

Auditor's responsibilities with regard to the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 audit opinion on the financial statements.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in compliance with German generally accepted standards for financial statement audits promulgated by the Institute of Public Auditors in Germany will always detect a material misstatement. 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 the financial statements.

We exercise professional judgment and maintain professional scepticism throughout the audit. We also perform the following activities:

- Identify and assess the risks of material misstatements in the 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 audit opinions. 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 and intentional omissions, misrepresentations or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the financial statements in order to design audit procedures that are appropriate in the

circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of this system of the Tribunal.

- Evaluate the appropriateness of accounting policies used by the Registrar and the reasonableness of estimates made by the Registrar and of related disclosures.
- Conclude on the appropriateness of the Registrar'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 Tribunal's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the Auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Tribunal to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements present the underlying transactions and events in a manner that the financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the International Tribunal for the Law of the Sea in compliance with IPSAS.

We communicate with those charged with governance 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.

III. Subject of the audit

The subjects of our audit were the accounting and the financial statements for the period from 1 January to 31 December 2022, comprising the statement of financial performance, the statement of financial position, the statement of changes in net assets/equity, the statement of cash flows, the statement of comparison of budget and actual amounts and the notes to the financial statement, prepared in accordance with IPSAS.

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 to 31 December 2022, at the request of the Tribunal. The extended audit scope included the following:

- (a) Whether the expenses incurred during the financial period were in accordance with IPSAS;
- (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 being 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 and IPSAS;

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

IV. Nature and scope of the audit

With regard to the nature and scope of the engagement performed, we refer to the general description of the basis for the audit opinion and the responsibilities of the Auditor for the audit of the financial statements in the relevant sections of the report of the Auditor, which is set out in section II of the present report.

In that regard, we provide further explanations in the following paragraphs.

Risk-based audit approach

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 plan.

The audit procedures for obtaining audit evidence comprised tests of design, substantive analytical procedures and tests of details (i.e. other substantive procedures) for the audit areas selected. Materiality aspects were thereby taken into consideration.

Description of the audit process

We subcategorized our audit process into milestones, beginning with acquisition and engagement acceptance and concluding with the closing of the engagement and archiving of documents. The milestones are illustrated in the table below.

<i>Step 1</i>	<i>Step 2</i>	<i>Step 3</i>	<i>Step 4</i>
Definition of the subject matter and acceptance of the engagement	Risk assessment and development of the audit strategy	Obtaining audit evidence	Audit completion and reporting
<ul style="list-style-type: none"> • Decision on acceptance/continuation of engagement, including assessment of independence • Coordination of the type and scope of the engagement, including determination of additional audit key points • Disposition of necessary professional resources in consideration of the professional principles 	<ul style="list-style-type: none"> • Obtaining an understanding of the group and business performance • Assessment of the adequacy of the accounting related internal control system • Detecting risks of material misstatements • Development and definition of the risk-orientated strategy and audit plan 	<ul style="list-style-type: none"> • Performing audit procedures to address the risks • Assessing the relevance and reliability of audit evidence 	<ul style="list-style-type: none"> • Formation of an overall opinion on the basis of the audit results • Reporting on the audit results

The milestones depicted take into account the German generally accepted standards for financial statement audits promulgated by the Institute of Public Auditors in Germany. Accordingly, we initially performed an audit of the appropriateness of the accounting-related internal control system of the Tribunal (design evaluation). On the basis of the knowledge that we had obtained from examining the design and implementation of the accounting-related internal controls for assessing the risk of material misstatement, we defined and specified the nature, scope and timing of the tests of controls, the analytical audit procedures, if relevant, and the tests of details to be performed for specific audit objectives.

All audit procedures were conducted using a sample of specifically or representatively selected elements. Each sample was selected based on the knowledge that we had obtained from evaluating the accounting-related internal control system, as well as on the nature and extent of the business transactions.

The key audit areas that we focused on were as follows:

- Audit of the financial reporting closing process
- Design, implementation and effectiveness of the internal controls in the processes relating to contributions and expenditures
- Contribution receivables from States parties
- Contributions received in advance
- Major expenditures

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

We performed the audit in October 2022 (interim audit) and in January and February 2023, closing on 15 February 2023.

At the conclusion of the audit, the Registrar provided us with a letter of representation, dated 15 February 2023, in which the Registrar confirmed the completeness of all explanations and evidence made available to us, as well as of the accounting and the financial statements. The Registrar provided us with all explanations and evidence requested.

V. Explanations related to the accounting

Accounting standards

The financial statements for the financial period from 1 January to 31 December 2022 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 IPSAS.

The statement of financial performance, the statement of financial position, the statement of changes in net assets/equity, the statement of cash flows, the statement of comparison of budget and actual amounts were properly derived from the bookkeeping and the audited underlying documents. The opening balance sheet figures were properly carried over from the prior period's financial statements. The recognition, presentation and measurement regulations applicable to the Tribunal were adhered to. The notes on the financial statements include all required disclosures and explanations, as well as additional requirements.

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 bullet points, we have highlighted the recognition and measurement policies applied in detail that, in our opinion, are material:

- The Tribunal's assets amount to €49,227,287 in property, plant and equipment. Under the Agreement between the Tribunal and the Government of the Federal Republic of Germany on the Occupancy and Use of the Premises of the International Tribunal for the Law of the Sea in the Free and Hanseatic City of Hamburg, the Government of Germany agreed to transfer the premises to the Tribunal permanently, free of rent, with the right to occupy and use them, as of 6 November 2000. The building (including the main building, the villa, the security booth and the visitor parking area) and all its assets were capitalized as at 1 January 2021, following the adoption of IPSAS for the reporting period. The leasing of the building has been recorded as a donated right-to-use arrangement and has consequently been recognized as a finance lease in accordance with the United Nations corporate guidance for IPSAS. The opening balance of the building assets was calculated using the book values of the building in 2017, as transmitted to the Tribunal by the German Institute for Federal Real Estate.
- For defined benefit plans, the projected unit credit method is used to measure obligations and costs. Benefits are attributed to periods of service under the plan's benefit formula. The present value of a defined benefit obligation is the present value of expected future payments required to settle the obligation resulting from employee service in the current period and prior periods. The

present value of defined benefit obligations is calculated using unbiased and mutually compatible actuarial assumptions. Other long-term employee benefits comprise separation benefits, including repatriation grants and relocation allowances, and are measured using the projected unit credit method.

VI. Findings from the extended scope of the audit engagement

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

VII. Concluding statement and signature of the Auditors

We confirm that we have performed our financial statement audit in compliance with the applicable regulations on independence.

We have compiled the present report on the audit of the financial statements of the International Tribunal for the Law of the Sea, Hamburg, for the financial year from 1 January to 31 December 2022, in compliance with legal regulations and the German generally accepted standards for reporting on audits of financial statements set out in the current version of auditing standard 450 promulgated by the Institute of Public Auditors in Germany.

The Auditor's report issued by us is set out in section II (above) of the present report.

Lübeck, 15 February 2023

BDO AG

Wirtschaftsprüfungsgesellschaft

(Signed) (Lüthje)
Wirtschaftsprüfer
(German Public Auditor)

(Signed) (Wißmann)
Wirtschaftsprüfer
(German Public Auditor)

Appendix I

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

Statement of financial position as at 31 December 2022

(Euros)

	<i>Note</i>	<i>31 December 2022</i>	<i>31 December 2021</i>
Assets			
Current assets			
Cash and cash equivalents	4	7 398 814	10 593 108
Investments	5	4 000 000	–
Assessed contributions receivable	6	1 420 386	1 284 209
Tax reimbursements due	7	286 755	231 592
Other receivables	8	180 441	79 446
Prepaid expenses	9	102 246	63 962
Total current assets		13 388 642	12 252 317
Non-current assets			
Property plant and equipment	10	255 059	288 700
Property plant and equipment – building	10	49 022 228	52 108 749
Total non-current assets		49 277 287	52 397 449
Total assets		62 665 929	64 649 766
Liabilities			
Current liabilities			
Accounts payable and accruals	11	(92 359)	(136 275)
Contributions received in advance	12	(4 753 285)	(4 926 911)
Employee benefit liabilities	13	(280 420)	(264 744)
Obligations, current period	14	(44 954)	(1 214)
Total current liabilities		(5 171 018)	(5 329 144)
Non-current liabilities			
Employee benefit liabilities	15	(21 842 855)	(25 356 998)
Surrender of savings from prior years	16	(413 271)	(31 265)
Other non-current liabilities	17	(49 056 725)	(52 159 377)
Total current liabilities		(71 312 851)	(77 547 640)
Total liabilities		(76 483 869)	(82 876 784)
Net assets/equity			
Working Capital Fund	18	(1 309 132)	(1 309 132)
(Surplus)/deficit for prior period	19	14 327 856	(2 963 084)
(Surplus)/deficit for the period	19	799 216	(1 057 320)

	<i>Note</i>	<i>31 December 2022</i>	<i>31 December 2021</i>
IPSAS implementation deficit	19	–	23 556 554
Control account			
Total net assets/equity		13 817 940	18 227 018
Total liabilities and net assets/equity		(62 665 929)	(64 649 766)

Abbreviation: IPSAS, International Public Sector Accounting Standards.

Statement of financial performance for the period from 1 January to 31 December 2022

(Euros)

	Note	2022	2021
Revenue			
Assessed contributions (appendix II)	20	(12 077 500)	(12 077 500)
Other revenue			
Savings due to cancellation of prior-period obligations	21	–	(47 917)
Gain on exchange	22	(28 733)	(13 634)
Miscellaneous revenue	23	(3 096 241)	(3 097 729)
Miscellaneous revenue from first adoption of assets		–	163 131
Investment revenue	24	(4 276)	–
Total revenue		(15 206 750)	(15 073 649)
Expenses			
Employee salaries, allowances and benefits	25	8 504 601	8 720 515
Non-employee compensation and allowances	26	464 970	170 343
Supplies and consumables	27	232 759	206 704
Depreciation and amortization	28	3 169 932	3 165 715
Travel	29	251 055	114 444
Other operating expenses	30	1 659 634	1 609 283
Loss on exchange	31	1 723 015	29 325
Total expenses		16 005 966	14 016 329
(Surplus)/deficit for the period		799 216	(1 057 320)
Other comprehensive (surplus)/deficit			
Accumulated (surplus)/deficit – assets		–	(241 597)
IPSAS implementation as at 1 January 2021		–	23 556 554
Total financial performance		799 216	22 257 637

Abbreviation: IPSAS, International Public Sector Accounting Standards.

Statement of changes in net assets/equity for the period from 31 December 2021 to 31 December 2022

(Euros)

	2021
Working Capital Fund as at 31 December 2020	1 309 132
Surplus for periods prior to 2020	2 114 141
Surplus for prior period, 2020	607 346
Net assets/equity as at 31 December 2020	4 030 619
Recognition of property, plant and equipment	163 131
Recognition of building assets	55 193 722
Recognition of current employee benefit liabilities	(260 377)
Recognition of non-current employee benefit liabilities	(23 459 308)
Recognition of other non-current liabilities	(55 193 722)
IPSAS opening balance adjustments to net assets/equity	(23 556 554)
IPSAS opening balance as at 1 January 2021	(19 525 935)
Surplus/(deficit) for the financial period 2021	1 057 321
Accumulated surplus – assets	241 597
Total movements during the year	1 298 918
Total net assets/equity as at 31 December 2021	(18 227 017)
	2022
Surplus/(deficit) for the financial period 2022	(799 216)
Changes in net assets	–
Actuarial gains on employee benefit liabilities	5 591 466
Surrender of cash surplus 2019–2020	(384 387)
Accumulated surplus – assets	1 214
Total movements during the year	4 409 077
Total net assets/equity as at 31 December 2022	(13 817 940)

Abbreviation: IPSAS, International Public Sector Accounting Standards.

Statement of cash flows for the period from 1 January to 31 December 2022

(Euros)

	2022	2021
Cash flows from operating activities		
Surplus/(deficit) for the period (statement II)	(799 216)	1 057 320
Depreciation	3 169 932	3 165 715
(Increase) decrease in contributions receivable	(136 177)	334 230
(Increase) decrease in tax reimbursements due	(55 163)	(116 479)
(Increase) decrease in other accounts receivable	(100 995)	(25 238)
(Increase) decrease in prepaid expenses	(38 284)	34 220
Increase (decrease) in accounts payable	(43 916)	55 877
Increase (decrease) in contributions received in advance	(173 626)	2 707 272
Increase (decrease) in employee benefit liabilities	(3 498 467)	1 902 057
Increase (decrease) in obligations current period	43 740	(535 690)
Increase (decrease) in accounts and other liabilities	(3 102 652)	(3 034 345)
(Interest received)	4 276	–
Net cash flows from operating activities	-4 730 548	5 544 939
Cash flows from investing and financing activities		
Interest received	(4 276)	–
Purchase of property, plant and equipment	(49 768)	(206 312)
Net cash flows from investing and financing activities	(54 044)	(206 312)
Cash flows from other sources		
Increase (decrease) in accumulated surplus	5 208 293	241 597
Increase (decrease) in surrender of savings from prior years	382 006	(2 938 677)
Net increase (decrease) in net assets/equity	5 590 299	(2 697 080)
Cash and cash equivalents and investments at the beginning of the financial period	10 593 108	7 951 562
Cash and cash equivalents and investments at the end of the financial period	11 398 814	10 593 108

Statement of comparison of budget and actual amounts for the financial period from 1 January to 31 December 2022

(Euros)

	<i>Part/ section</i>	<i>Object of expenditure</i>	<i>2022 approved budget</i>	<i>2022 expenses (cash)</i>	<i>2022 balance</i>	<i>2022 expenses (accrual)</i>	<i>Total</i>	
1	A	Recurrent expenditure						1
2	1	Judges	2 406 100	2 484 621	(78 521)	(2 771)	2 481 850	2
3	1.1	Annual allowances	1 748 500	1 817 022	(68 522)	—	1 817 022	3
4	1.2	Special allowances	467 300	501 472	(34 172)	—	501 472	4
5	1.3	Travel to sessions	149 400	154 587	(5 187)	—	154 587	5
6	1.4	Common costs	40 900	11 540	29 360	(2 771)	8 769	6
7	2	Judges' pension scheme	984 600	1 066 315	(81 715)	278 336	1 344 651	7
8	3	Staff costs	4 374 300	4 502 961	(128 661)	146 214	4 649 175	8
9	3.1	Established posts	3 000 100	3 064 091	(63 991)	—	3 064 091	9
10	3.4	Common staff costs	1 135 100	1 252 322	(117 222)	146 214	1 398 536	10
11	3.5	Overtime	12 500	11 132	1 368	—	11 132	11
12	3.6	Temporary assistance for meetings	124 350	129 669	(5 319)	—	129 669	12
13	3.7	General temporary assistance	58 950	19 009	39 941	—	19 009	13
14	3.8	Training	43 300	26 738	16 562	—	26 738	14
15	4	Representation allowance	6 700	7 215	(515)	—	7 215	15
16	5	Official travel	92 500	59 296	33 204	—	59 296	16
17	6	Hospitality	7 350	3 476	3 874	—	3 476	17
18	7	Operating expenditures	1 702 850	1 652 676	50 174	(8 893)	1 643 783	18
19	7.1	Maintenance of premises (including security)	1 322 350	1 293 091	29 259	0	1 293 091	19
20	7.2	Rental and maintenance of equipment	194 750	157 339	37 411	(12 132)	145 207	20
21	7.3	Communications	97 050	84 206	12 844	—	84 206	21
22	7.4	Miscellaneous services and charges (including bank charges)	18 550	71 167	(52 617)	3 239	74 406	22
23	7.5	Supplies and materials	62 800	39 423	23 377	—	39 423	23
24	7.6	Special services (external audit)	7 350	7 450	(100)	—	7 450	24
25	8	Library and related costs	174 000	176 978	(2 978)	0	176 978	25
26	8.1	Library – procurement of books and publications	133 000	125 178	7 822	—	125 178	26
27	8.3	External printing and binding	41 000	51 800	(10 800)	—	51 800	27
28								28
29	B	Non-recurrent expenditure						29

	<i>Part/ section</i>	<i>Object of expenditure</i>	<i>2022 approved budget</i>	<i>2022 expenses (cash)</i>	<i>2022 balance</i>	<i>2022 expenses (accrual)</i>	<i>Total</i>	
30	9	Purchase of equipment	—	—	—	—	—	30
31	9.1	Furniture and equipment	78 750	117 927	(39 177)	(49 769)	68 158	31
32								
33	C	Case-related costs	2 250 350	678 439	1 571 911	0	678 439	33
34	12	Judges	1 636 700	356 731	1 279 969	0	356 731	34
35	12.1	Special allowances	1 261 700	241 758	1 019 942	—	241 758	35
36	12.2	Compensation to judges ad hoc	165 800	77 801	87 999	—	77 801	36
37	12.3	Travel to meetings, including judges ad hoc	209 200	37 172	172 028	—	37 172	37
38	13	Staff costs	613 650	321 708	291 942	0	321 708	38
39	13.1	Temporary assistance for meetings	588 650	316 292	272 358	—	316 292	39
40	13.2	Overtime	25 000	5 416	19 584	—	5 416	40
41								41
42		Total	12 077 500	10 749 904	1 327 596	365 888	11 113 021	42

Loss on exchange 1 723 015

Depreciation 3 169 932

Total expenses 16 005 968

Notes to the financial statements for the period from 1 January to 31 December 2022

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 concerning 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. The Tribunal has its seat in Hamburg, Germany, and its activities are funded by the regular budget, financed by contributions from States parties to the Convention.

Note 2

Basis of preparation

The financial statements in the present report are the second to be prepared fully in accordance with the International Public Sector Accounting Standards (IPSAS). The adoption of IPSAS has required changes to be made to the accounting policies previously applied by the Tribunal, including new accounting policies entailing changes to the assets and liabilities recognized in the statement of financial position.

In accordance with the Financial Regulations and Rules of the Tribunal, the financial statements are prepared on an accrual basis in accordance with IPSAS. In line with IPSAS, the financial statements have been prepared on a going-concern basis and, in their preparation and presentation, accounting policies have been applied consistently. In accordance with the requirements of IPSAS, the financial statements, which present fairly the assets, liabilities, revenue and expenses of the Tribunal, consist of the following:

- (a) Statement of financial position (statement I);
- (b) Statement of financial performance (statement II);
- (c) Statement of changes in net assets/equity (statement III);
- (d) Statement of cash flows (statement IV);
- (e) Statement of comparison of budget and actual amounts (statement V);
- (f) Notes to the financial statements, comprising a summary of significant accounting policies and other explanatory notes.

Comparative information is presented for the statement of financial performance, the statement of changes in net assets/equity, the statement of cash flows and the statement of comparison of budget and actual amounts.

Going concern

The going-concern assertion is based on the approval by the Meeting of States Parties of the budget appropriations for the 2023–2024 budget period and the positive historical trend of the collection of assessed contributions over the previous years.

This is the second set of financial statements prepared in compliance with IPSAS. Before 1 January 2021, the financial statements were prepared using a modified cash basis of accounting.

Note 3

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 (see [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.

On 9 December 2020, the thirtieth Meeting of States Parties approved amendments to the Financial Regulations of the Tribunal (see [SPLOS/30/6](#)). The amended Regulations, which became effective on 1 January 2021, have been applied to the financial period 2022 and will apply to subsequent financial periods. On 24 June 2021, the thirty-first Meeting of States Parties endorsed amendments to the Financial Rules of the Tribunal (see [SPLOS/31/5](#)). The amended Rules, which became effective on 1 January 2021, have been applied to the financial period 2022 and will apply to subsequent financial periods.

Financial period

Pursuant to financial regulation 2.1, the financial period consists of one calendar year. In the present report, that period is from 1 January to 31 December 2022.

Currency of accounts

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

Foreign currency transactions

Transactions in United States dollars are converted into euros 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 financial performance as gains or losses on exchange (see notes 22 and 31).

Assets and liabilities in United States dollars 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 financial performance as gains or losses on exchange.

In accordance with financial rule 111.3 (a), the following exchanges rates between the euro and the United States dollar have been applied:

	<i>1 January 2022</i>	<i>31 December 2022</i>	<i>Average 2022</i>	<i>Average 2021</i>
Exchange rate between the euro and the United States dollar	0.881	0.939	0.910	0.848

Cash and cash equivalents

Cash and cash equivalents are held at nominal value in current accounts.

Financial risks

The Tribunal is required to apply prudent risk management policies and procedures in accordance with its Financial Regulations and Rules. During the financial period 2022, the Tribunal made short-term investments of moneys not needed for immediate requirements, pursuant to financial regulation 9 (see note 5).

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Tribunal is exposed to currency risk through transactions in foreign currencies. To avoid currency risk, only a small amount of the Tribunal's cash is held in United States dollars.

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. If possible, the Tribunal deposits its funds only in short-term fixed interest accounts and therefore has no significant interest rate risk exposure.

Liquidity risk refers to the risk arising from the general funding of the Tribunal's activities. The Tribunal maintains a Working Capital Fund, which was established to ensure the availability of capital for the Tribunal to address short-term liquidity problems pending receipt of assessed contributions.

Receivables, prepayments and other assets (current assets)

Receivables and advances are recognized initially at nominal value.

Prepayments comprise software licences, maintenance contracts and subscription prepayments, which will be recognized as expenses in subsequent reporting periods.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the supply of services and for administrative purposes. Items of property, plant and equipment are measured at cost, less accumulated depreciation and impairment losses.

The premises of the Tribunal are recognized as an asset in the form of a financial lease on the basis of a donated right-to-use arrangement. Donated right-to-use arrangements are covered by IPSAS 23: Revenue from non-exchange transactions.

Depreciation is recognized in surplus/deficit on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment.

Estimated useful lives are defined as follows:

- Computer equipment: 5 years
- Office furniture: 5 years
- Building equipment: up to 10 years
- Buildings: 20 to 30 years

Property, plant and equipment with acquisitions costing less than €750 are considered expenses for the period.

Leases

Lease agreements for cars and photocopiers are classified as operating leases and the lease payments made are charged to the statement of financial performance as expenses on a straight-line basis over the period of the lease.

Accounts payable and other liabilities (current liabilities)

Accounts payable are recognized initially at nominal value, as a best estimate of the amount required to settle the obligation at the reporting date. In accordance with the principle of accrual-based accounting, all invoices dated, services rendered or goods delivered before 31 December 2022 represent an account payable of the Tribunal and have been recorded in 2022.

Non-current liabilities**Deferred revenue and accrued expenses**

Deferred revenue is recorded under non-current liabilities and includes the depreciated value of the headquarters building of the Tribunal at the end of the reporting period. The capitalized building is depreciated over the useful life of the building. At the time the depreciation is recognized, an equal amount is recognized as revenue by debiting deferred revenue and crediting revenue for the same amount.

Employee benefit liabilities

Employee benefit expenses and corresponding liabilities are recognized as services rendered by judges and employees. Employee benefits are classified as short-term benefits, post-employment benefits, other long-term benefits or termination benefits.

Short-term benefits fall due for settlement within 12 months of the service rendered and include salaries, various allowances, paid sick leave and annual leave. Short-term employee benefits are recognized as expenses and liabilities, as services are rendered. Benefits that are earned but not yet paid are recorded as expenses in the period to which they relate and are reported in the statement of financial position as liabilities.

Post-employment benefits include pension benefits and after-service health insurance.

The Tribunal became a member of the United Nations Joint Staff Pension Fund on 1 October 1996. The Fund provides retirement, death, disability and related benefits to the staff of the Tribunal. The Fund is a funded, multi-employer defined benefit plan. Since there is no consistent and reliable basis for allocating obligations, plan assets and cost of the Fund to individual organizations participating in the plan, contributions paid to the Fund are accounted for as if it were a defined contribution plan. Obligations for contributions to defined contribution pension plans are recognized as an expense in the statement of financial performance as incurred.

The pension scheme for judges is a defined benefit scheme which provides its members with a defined retirement pension for judges after the completion of a nine-year term (prorated if the nine-year term is not completed), a pension for the surviving spouse at 50 per cent of the judge's entitlement and a disability pension for judges aged 65 and under.

With regard to after-service health insurance, the Tribunal's group health insurance plan is administered by Cigna. The group health insurance plan is also

available to staff upon retirement. The Tribunal provides a subsidy on the premium payments of retirees. The after-service health insurance is a defined benefit plan.

For defined benefit plans, the projected unit credit method is used to measure obligations and costs. Benefits are attributed to periods of service under the plan's benefit formula. The present value of a defined benefit obligation is the present value of expected future payments required to settle the obligation resulting from employee service in the current period and prior periods. The present value of defined benefit obligations is calculated using unbiased and mutually compatible actuarial assumptions.

Separation benefits, including repatriation grants and relocation allowances, are another form of long-term employee benefits and are measured using the projected unit credit method.

Post-employment benefits and other long-term benefits are calculated by independent actuaries.

Provisions and contingent liabilities

Provisions are recognized as liabilities when the Tribunal has a present legal or constructive obligation as a result of past events, for which it is more likely than not that an outflow of resources will be required to settle that obligation and the amount can be reliably estimated. The amount of the provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.

The estimate is discounted where the effect of the time value of money is material. Provisions are released only for such expenses in respect of which the provisions are recognized at inception. If the outflow of economic benefits to settle the obligations is no longer probable, the provision is reversed.

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Tribunal. The obligation will probably not result in an outflow of economic resources or service potential, or the amount of obligation cannot be measured with sufficient reliability.

No provisions or contingent liabilities have been recorded during the financial period.

Obligations

An obligation for the costs of the meetings of the drafting committee in case No. 28, *Dispute concerning delimitation of the maritime boundary between Mauritius and Maldives in the Indian Ocean (Mauritius/Maldives)*, held in January and February 2023, has been recorded. The meetings were initially scheduled to be held during the 2021–2022 budget period and corresponding funds were therefore approved in that budget period. However, by Order 2021/5 of 15 December 2021, the President of the Special Chamber authorized the submission of a reply by Mauritius and a rejoinder by the Maldives. By Order 2022/1 of 18 August 2022, the President of the Special Chamber fixed 17 October 2022 as the date for the opening of the oral proceedings. Pursuant to that Order, oral proceedings were held from 17 to 24 October 2022 and deliberations were held in November 2022. The drafting committee in case No. 28 will therefore meet from 30 January to 10 February 2023, after the end of the 2021–2022 budget period.

The above-mentioned obligation will be cleared upon payment of the relevant allowances at the conclusion of the meetings in February 2023.

Non-exchange revenue

Revenue consists of assessed contributions from the States parties. Contributions for the two-year budget period are assessed as 50 per cent in year one and 50 per cent in year two.

Goods-in-kind contributions are recognized at their fair value and the corresponding revenue is recognized immediately. Revenue is recognized at fair value and is measured as at the date on which the donated assets are acquired.

Miscellaneous revenue

All other revenue received by the Tribunal is classified as miscellaneous revenue and included as general resources.

Expenses

Expenses are decreases in economic benefits or service potential during the reporting year in the form of outflows or consumption of assets or incurrence of liabilities that result in decreases in net assets and are recognized on an accrual basis when goods are delivered and services are rendered, regardless of the terms of payment.

Reserves and fund balances

In 1998, the eighth Meeting of States Parties 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 deal with cases, in particular those involving urgent proceedings, in accordance with financial regulation 6.2 (see [SPLOS/31](#)).

The prior-period gains and reserves represent excess income over expenditure from previous financial periods (2005–2006 to 2021), in accordance with regulation 4 of the Financial Regulations of the Tribunal.

Unless otherwise determined by the Meeting of States Parties, after deducting any assessed contributions for that financial period which remain unpaid, surpluses at the end of the financial period are apportioned to the States parties based on the scale of assessments applicable to the financial period to which the surplus relates. As of 1 January following the year in which the audit of the accounts of the financial period is completed, the amount of surplus apportioned to a State party is surrendered if its contribution for that financial period has been paid in full.

Budget comparison

A comparison of actual amounts with the amounts in the budget (half of the approved budget for the 2021–2022 budget period) is presented in statement V. This comparison is made on the same modified cash basis of accounting as was applied to the budget.

A reconciliation of the actual amounts on a modified cash basis, with actual amounts presented in the financial statements, is included in note 32, in the light of the fact that the full accrual basis and the modified cash basis of accounting applied to the budget differ.

Note 4**Cash and cash equivalents**

The Tribunal held a total of €7,398,814 in cash and cash equivalents as at 31 December 2022, including €1,309,132 in the Working Capital Fund. The equivalent of €23,358 (€5,735 in 2021) is kept in United States dollars (\$24,875 (\$6,510 in 2021)). At the end of the financial period 2021, cash and cash equivalents amounted to €10,593,108.

Note 5**Investments**

In June, September and December 2022, the Tribunal made short-term investments of moneys not needed for immediate requirements totalling €4,000,000. Short-term investments are investments made for less than 12 months, in accordance with rule 109.1 of the Financial Rules of the Tribunal. As at 31 December 2021, no investments had been made.

Note 6**Assessed contributions receivable**

A total of €1,420,386 in assessed contributions was outstanding for the financial period 2022 and previous financial periods as at 31 December 2022. Of this amount, €811,288 was outstanding for the financial period 2022. For the financial period 2021, €175,135 remained outstanding; for the financial period 2019–2020, €143,763 remained outstanding. As regards the financial periods 1996/97 to 2017–2018, the unpaid contributions amounted to €290,200. Contributions received in excess of contributions due are reported in note 12.

<i>Financial period of assessment</i>	<i>31 December 2022 (euros)</i>	<i>31 December 2021 (euros)</i>
1996/97 to 2017–2018	290 200	317 379
2019–2020	143 763	257 734
2021	175 135	709 095
2022	811 288	–
Total	1 420 386	1 284 208

Note 7**Tax reimbursements due**

Tax reimbursements due refer to value added tax (VAT), energy tax and insurance tax. As at 31 December 2022, these receivables amounted to €286,755, in comparison with €231,592 at the end of the financial period 2021, and comprised:

- €271,447 for VAT (€217,675 in 2021)
- €6,328 for energy tax (€4,695 in 2021)
- €8,980 for insurance tax (€9,222 in 2021)

Note 8**Other receivables**

Other receivables consist of receivables from staff, judges, trust funds managed by the Tribunal, vendors, the German authorities responsible for the premises of the Tribunal, the German Institute for Federal Real Estate and case-related receivables. This amounted to a total of €180,441.

	31 December 2022 (euros)	31 December 2021 (euros)
Accounts receivable, German Institute for Federal Real Estate	111 307	63 297
Accounts receivable, vendors	58 166	3 923
Accounts receivable, staff	4 694	5 930
Accounts receivable, case-related	3 152	3 152
Accounts receivable, judges	3 122	3 143
Total	180 441	79 445

Accounts receivable from the German Institute for Federal Real Estate are amounts due from the German authorities for major repairs under the Agreement between the Tribunal and the Government of the Federal Republic of Germany on the Occupancy and Use of the Premises of the International Tribunal for the Law of the Sea in the Free and Hanseatic City of Hamburg (the Premises Agreement). Accounts receivable from vendors represent credit notes and refunds for gas and electricity for the financial period 2022 for which the Tribunal has not yet been reimbursed and a deposit for fuel for the Tribunal's official cars. Accounts receivable from staff mainly include amounts to be recovered in respect of salary advances. The case-related receivables concern interpretation and translation charges due to the Tribunal. Accounts receivable from judges relate to a subsistence allowance advance.

Note 9

Prepaid expenses

Prepaid expenses in the amount of €102,246 are payments made towards the end of the financial period 2022 which relate to the following financial period. Accordingly, these expenses will be charged against the provision for the financial period 2023 and will be cleared from the receivables items. In December 2021, prepaid expenses amounted to €63,962.

Note 10

Property, plant and equipment

The Tribunal's assets amount to €49,277,287 (€52,397,449 in 2021) in property, plant and equipment. Under the Premises Agreement, the German Government agreed to transfer the premises to the Tribunal permanently, free of rent, with the right to occupy and use them, as of 6 November 2000. The building (the main building, the villa, the security booth and the visitor parking area) and all its assets were capitalized as at 1 January 2021, following the adoption of IPSAS for the financial period 2021. The leasing of the building has been recorded as a donated right-to-use arrangement and has consequently been recognized as a finance lease in accordance with the United Nations corporate guidance for IPSAS. The opening balance of the building assets was calculated using the book values of the building in 2017, as transmitted to the Tribunal by the German Institute for Federal Real Estate.

	Other property, plant and equipment (euros)						Total
	Buildings	Furniture	Information technology equipment	Media, technique and communications	Other building equipment	Total (other property, plant and equipment)	
Costs							
As at 1 January 2022	55 193 722	25 967	142 569	60 931	139 975	369 442	55 563 164
Additions	–	2 316	43 630	2 948	876	49 769	49 769
Impairment loss/disposal	–	–	–	–	–	–	–
As at 31 December 2022	55 193 722	28 283	186 199	63 879	140 851	419 211	55 612 933
Accumulated depreciation							
As at 1 January 2022	3 084 973	9 255	40 310	8 412	22 765	80 742	3 165 715
Depreciation	3 086 521	6 976	38 550	14 244	23 641	83 410	3 169 932
Disposals	–	–	–	–	–	–	–
As at 31 December 2022	6 171 494	16 231	78 860	22 656	46 406	164 152	6 335 647
Net book value							
As at 1 January 2022	52 108 749	16 712	102 259	52 519	117 210	288 700	52 397 449
As at 31 December 2022	49 022 228	12 052	107 339	41 223	94 445	255 059	49 277 287

Note 11**Accounts payable and accruals**

The records of the Tribunal indicate €159 in accounts payable to employees, €9,259 in payables to non-employees, such as consultants and external translators, and €82,941 in payables to vendors, making a total of €92,359. The accounts payable will be settled at the beginning of the following financial period, in January 2023. At the end of the financial period 2021, payables amounted to €136,275.

Note 12**Contributions received in advance**

As at 31 December 2022, €4,753,285 was received in assessed contributions for future periods. At the end of 2021, contributions in the amount of €4,926,911 were received in advance.

Note 13**Employee benefit liabilities (current)**

Annual leave and home leave are recognized as expenses because employees render services that increase their entitlement to future compensated absences. As annual leave and home leave can partly fall due for settlement in a period exceeding 12 months, these liabilities have been divided into current and non-current liabilities. Expenses in the amount of €9,256 for home leave and in the amount of €16,280 for annual leave have been recorded for the financial period 2022. These amounts represent current values. Total liabilities in the amounts of €15,488 and €264,932, respectively, have been recorded in the statement of financial position. The amounts of €13,606 and €119,291 were recorded as non-current liabilities (see note 15).

Note 14**Obligations (current period)**

An obligation for the costs of the meetings of the drafting committee in case No. 28, *Dispute concerning delimitation of the maritime boundary between Mauritius*

and Maldives in the Indian Ocean (Mauritius/Maldives), held in January and February 2023, has been recorded. The meetings were initially scheduled to take place during the 2021–2022 budget period and corresponding funds were therefore approved in that budget period. Allowances and travel costs in the amount of €44,954 have been recorded and will be settled at the conclusion of the meetings in February 2023.

Note 15

Employee benefit liabilities (non-current)

Non-current liabilities have been created for the pensions of judges, after-service health insurance, repatriation grants and relocation grants. In accordance with IPSAS 39, an actuary was appointed by the Tribunal for the actuarial valuation of these liabilities as at 31 December 2022. The valuation of obligations as at 31 December 2022 was executed using the projected unit credit method. The liabilities were determined in United States dollars and converted at the year-end exchange rate of 0.939 between the dollar and the euro. The liability amounts recorded are shown in the table below.

	2022			2021		
	Current (euros)	Non-current (euros)	Total (United States dollars)	Current (euros)	Non-current (euros)	Total (United States dollars)
Judges' pensions	–	20 191 122	21 502 792	–	22 593 391	25 645 166
After-service health insurance	–	1 283 534	1 366 916	–	2 314 067	2 626 637
Repatriation grants	–	116 333	123 890	–	187 935	213 320
Relocation grants	–	118 969	126 698	–	135 796	154 139
Annual leave	264 932	119 291	–	252 785	115 158	–
Home leave	15 488	13 605	–	11 959	10 650	–
Total	280 420	21 842 854	23 120 296	264 744	25 356 997	28 639 262

Non-current liabilities for employee benefits for home leave (€13,606) and annual leave for staff members (€119,291) have been recorded (see note 13).

The following table shows amounts for service costs and interest:

	2022 service costs (euros)	2021 service costs (euros)	2022 interest (euros)	2021 interest (euros)
Repatriation grants	16 130	14 564	2 003	1 686
After-service health insurance	159 830	144 341	24 564	22 146
Pension obligations	1 109 124	1 001 637	235 527	211 405
Relocation grants	–	–	1 147	1 196
Total	1 285 084	1 160 542	263 241	236 433

Note 16

Surrender of savings from prior years

The following table shows savings from previous financial periods that have not yet been surrendered and thus remain as liabilities:

<i>Financial period</i>	<i>31 December 2022</i>	<i>31 December 2021</i>
2003 (Staff assessment)	33	33
2005–2006	1 359	1 359
2007–2008	3 210	3 210
2009–2010	2 486	2 690
2011–2012	845	949
2013–2014	3 675	4 221
2017–2018	17 276	18 803
2019–2020	384 387	–
Total	413 271	31 265

The savings will be surrendered once the contributions for the relevant periods have been paid by the respective States parties.

Note 17

Other non-current liabilities

The financial lease of the building of the Tribunal, which is categorized as a donated right-to-use arrangement, was recognized as an asset in 2021. As at 31 December 2022, the value of the building amounted to €49,022,228 (€52,108,749 in 2021). Deferred revenue under other non-current liabilities was credited for the same amount. The value of the building will be depreciated until the end of 2038. At the time the depreciation is recognized, an equal amount is recognized as revenue by debiting deferred revenue and crediting revenue for the same amount (see note 10).

The refurbishment of a special lift was partly financed by the German authorities and the refurbished lift was recognized as an asset in 2021. The liability for the lift amounted to €32,970 as at 31 December 2022 (€36,968 in 2021).

A leasing liability for the lease of computer equipment in the amount of €1,527 (€13,660 in 2021) has also been recorded under the same heading.

Accordingly, other non-current liabilities amount to €49,056,725 (€52,159,377 in 2021).

Note 18

Working Capital Fund

In 1998, the eighth Meeting of States Parties 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 deal with cases, in particular those involving urgent proceedings, in accordance with financial regulation 6.2 (see [SPLOS/31](#)).

The total Working Capital Fund currently stands at €1,309,132, the same as at the end of 2021, of which €767,014 may be used to cover case-related costs.

Note 19

Surplus/deficit for prior periods

Prior-period deficits stand at €14,327,856 and represent excess income over expenditure from previous financial periods (2005–2006 to 2019–2020) and the deficit from the financial period 2021, in accordance with regulation 4 of the Financial Regulations of the Tribunal. At the end of 2021, the prior-periods surplus amounted to €2,963,084.

The accumulated surplus after IPSAS implementation, as at 31 December 2021, amounted to €241,596 and stood at €242,810 at the end of 2022. The amount represents an adjustment to previous periods for assets that were capitalized in 2021 and 2022 but had been recorded as an expense in previous financial periods. The amount of €242,810 was depreciated in 2021 and 2022 and will be in future financial periods.

Employee benefit liabilities were reduced by €5,591,467 in 2022 because of changes in service and interest costs and experience adjustments. Exchange rate losses owing to the increased value of the United States dollar against the euro have been recorded in the statement of financial performance.

The deficit for the current period amounts to €799,216.

Note 20

Revenue (assessed contributions)

In December 2020, the thirtieth Meeting of States Parties approved a budget for the 2021–2022 budget period in the amount of €24,155,000 ([SPLOS/30/17](#)). In accordance with regulation 5.3 of the Financial Regulations of the Tribunal, States parties' assessed contributions are determined on the basis of half of the budget for each year of the two-year budget period. Accordingly, revenue from assessed contributions amounts to €12,077,500.

Note 21

Savings due to cancellation of prior-period obligations

At the end of the financial period 2021, an obligation amounting to €1,214 was recorded in the financial statements. During the financial period 2022, the same amount was charged against this obligation. No obligations were cancelled.

Note 22

Gains on exchange

Gains on exchange in the amount of €28,733 (€13,634 in 2021) were recorded. Exchange rate losses are reported under expenses (see note 31).

Note 23

Miscellaneous revenue

A total of €3,096,241 (€3,097,729 in 2021) in miscellaneous revenue was recorded as at 31 December 2022. This amount includes:

- Miscellaneous revenue in the amount of €2,112 for refunds from electricity and water suppliers (€1,758), travel-related refunds (€153) and revenue from the sale of computer equipment (€200)
- An unidentified contribution in the amount of €3,593 from an unknown State party was recorded in September 2022. The amount will be credited to the appropriate State once it has been identified
- Rounding gains (€17)
- Deferred revenue in the amount of €3,090,520 (€3,087,972 in 2021) to meet the accumulated depreciation of the building further to the building's donated right-to-use arrangement and the depreciation of the special lift, which was partly financed by the German authorities (see note 17).

Note 24**Investment revenue**

In June, September and December 2022, the Tribunal made short-term investments of moneys not needed for immediate requirements (see note 5). As at 31 December 2022, interest revenue in the amount of €4,276 was recorded. It was not possible to invest funds during the 2021 financial period; thus, no interest revenue was recorded in 2021.

Note 25**Employee salaries, allowances and benefits**

The amount of €8,504,601 (€8,720,515 in 2021) in employee salaries, allowances and benefits includes judges' allowances and judges' pensions, staff salaries and common costs, and in addition, service costs and interest for provisions.

Note 26**Non-employee compensation and allowances**

This encompasses all amounts paid to consultants, interpreters, translators and other external service providers. As at 31 December 2022, expenses totalling €464,970 (€170,343 in 2021) were recorded in this regard.

Note 27**Supplies and consumables**

In 2022, €232,759 (€206,704 in 2021) was spent on supplies and consumables. This amount includes expenses for office supplies and operating supplies, as well as library subscriptions and books.

Note 28**Depreciation and amortization**

Of the €3,169,932 (€3,165,715 in 2021) for depreciation, the amount of €3,086,521 (€3,084,973 in 2021) corresponds to the depreciation of the four assets constituting the building (the main building, the security booth, the villa and the visitor parking area). Other assets include computer equipment, building equipment and technology, courtroom equipment and office furniture (see note 11).

No impairment or amortization expenses were recorded in the financial period 2022.

Note 29**Travel**

A total of €251,055 (€114,443 in 2021) was spent on travel in 2022. The amount includes €191,759, corresponding to travel to Hamburg by judges to attend sessions, and €59,296 for official travel by the President, the Registrar of the Tribunal and staff members.

Note 30**Other operating expenses**

Other operating expenses include those for maintenance of the premises, external printing and binding, purchases of equipment, communications, hospitality and miscellaneous services. Total expenses for the financial period 2022 amounted to €1,659,634. In 2021, other operating expenses amounted to €1,609,283.

Note 31**Loss on exchange**

A loss on exchange in the amount of €1,723,015 was recorded. Exchange rate gains are reported under revenue (see note 22). The loss on exchange includes an amount of €1,671,222 for the revaluation of the employee benefit liabilities caused by the increased value of the United States dollar against the euro between December 2021 and December 2022.

Note 32**Statement of comparison of budget and actual amounts**

With the implementation of IPSAS in 2021, the Tribunal's budget and accounts are now prepared on different bases. The financial statements are prepared on a full accrual basis, whereas the Tribunal's budget, disclosed in the statement of comparison of budget and actual amounts (statement V), is prepared on a modified cash basis of accounting. As required under IPSAS 24, the actual amounts presented on a comparable basis to the budget have been reconciled to the actual amounts presented in the financial statements, identifying separately any basis, timing and entity differences. There are also differences in formats and classification schemes adopted for the presentation of financial statements and the budget.

Basis differences occur when the approved budget is prepared on a basis other than the accounting basis, as stated above.

Timing differences occur when the budget period differs from the reporting period reflected in the financial statements. As mentioned above, the Tribunal's budget period is for two years, while its financial period is for one year. For each of the two years of a budget period, the contributions of States parties are determined on the basis of half of the appropriations adopted by the Meeting of States Parties for that budget period. Accordingly, the budget for the financial period 2022 is half of the approved budget for the 2021–2022 budget period.

With regard to budget performance for the 2021–2022 budget period, the expenditure level as at 31 December 2022 indicates that the funds approved were sufficient.

The 2021–2022 budget proposal included provisions for case No. 29, *The M/T "San Padre Pio" (No. 2) case (Switzerland/Nigeria)*. By Order of the President of the Tribunal of 29 December 2021, the *M/T "San Padre Pio" (No. 2) case* was removed from the Tribunal's list of cases. No meetings on case No. 29 were held in 2021 or in 2022. In addition, no urgent cases were dealt with by the Tribunal in 2021 or in 2022. A prompt release case (*The M/T "Heroic Idun" case (Marshall Islands v. Equatorial Guinea)*) was submitted to the Tribunal on 10 November 2022, but then removed from the Tribunal's list of cases by Order of the President dated 15 November 2022. Expenses against the case-related budget of the Tribunal were thus relatively low.

The European Central Bank started charging banks for cash deposits in 2017. As a consequence, banks in the eurozone began to charge their clients interest on cash deposits. The Tribunal has been paying interest on its cash between April 2020 and July 2022, with the interest paid in 2022 amounting to €31,530. This amount has been included in the statement of financial performance under other operating expenses and has been charged to the budget line "Miscellaneous services and charges (including bank charges)"; these charges led to a negative balance in that budget line at the end of the 2021–2022 budget period. At the end of the budget period 2021–2022, the expenses for this budget line exceeded the approved amount by €126,642. The anticipated overexpenditure should be compensated either by a transfer of funds

within the budget section entitled “operating expenditures” or by a transfer between appropriation sections, subject to the authorization of the Meeting of States Parties.

Owing to the travel restrictions imposed during the coronavirus disease (COVID-19) pandemic, the appropriations for “travel to sessions” under the recurrent budget, “travel to sessions” under the case-related budget and “official travel” showed savings at the end of the 2021–2022 budget period.

Note 33

Contingent liabilities

At the end of 2022, two complaints filed by a staff member of the Tribunal with the United Nations Appeals Tribunal were identified. The amount of the possible award by the United Nations Appeals Tribunal cannot be reliably measured or quantified.

The annual review of the post adjustment multiplier for Hamburg will take place in February 2023 and will lead to adjusted salaries for staff members in the professional category and for judges. A cost-of-living survey for Hamburg is also scheduled for February 2023 and may lead to an additional revision of the post adjustment multiplier later in 2023. The amounts of the adjusted salaries cannot yet be reliably estimated.

Note 34

Related party disclosures

The key management personnel are defined as the President, the Registrar and the Deputy Registrar.

The staff costs for the Registrar amounted to €173,400.

For the President, the annual and special allowances amounted to €177,525 and the non-pensionable allowance to €80,115. Provisions for the President were created in an amount of €701,286.

Note 35

Write-off losses of cash, receivables and property

No amounts were written off during the reporting period.

Note 36

Events after the reporting date

There were no material events between the reporting date and the date of authorization of the financial statements.

Note 37

Trust funds

The Tribunal maintained three trust funds in 2022: the Nippon Foundation grant, the trust fund for the law of the sea and the Republic of Korea trust fund.

Nippon Foundation grant

The Nippon Foundation grant was established in March 2007, following the signature of the Nippon Foundation grant agreement. Pursuant to this agreement, the Nippon Foundation contributed an amount of €200,000 to the Nippon Foundation’s 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.

Since 2007, the Nippon Foundation has made annual contributions to the grant totalling €3,590,240 (including a contribution in March 2022 for the 2022–2023 programme in the amount of €233,930). At the beginning of the financial period 2022, the total reserves of the fund amounted to €114,674. In September 2022, an amount of €25,431 was surrendered to the Nippon Foundation. As at 31 December 2022, the balance of total reserves was €100,606. The audited financial statement for the Nippon Foundation grant will be circulated at the Meeting of States Parties in June 2023.

Trust fund for the law of the sea

Pursuant to regulation 6.5 of its Financial Regulations, in October 2009, the Tribunal established a trust fund for the law of the sea. 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 from various sources (the Korea Maritime Institute, China, Cyprus and Korwind) were received between 2009 and 2021. During the financial period 2022, the Tribunal received two contributions from the Korea Maritime Institute totalling €31,000, a contribution from Cyprus in the amount of €15,000, a contribution from France in the amount of €10,000 and a contribution from the Republic of Korea trust fund in the amount of €30,000. Since July 2012, the trust fund has been used to support the Tribunal’s internship programme, to provide financial assistance to interns from developing countries and to finance regional workshops. As at 31 December 2022, the balance of total reserves stood at €282,320. The audited financial statement for the trust fund will be circulated at the Meeting of States Parties in June 2023.

Republic of Korea trust fund

In February 2020, the Tribunal received a voluntary contribution from the Republic of Korea in the amount of \$195,595. Another contribution from the Republic of Korea in the amount of \$176,033 was received in October 2021. The funds were transferred to a separate bank account and converted to €171,831 and €148,014, respectively. The trust fund was opened to provide financial assistance for the organization of a workshop for legal advisers at the Tribunal. The workshop was to be held in November 2021, but had to be postponed to March 2022 because of the COVID-19 pandemic. During the financial period 2022, the Tribunal received a voluntary contribution from the Republic of Korea in the amount of €197,844 (\$200,000). The balance of the trust fund amounted to €227,268 as at 31 December 2022.

Note 38

Institutional arrangements

The financial records of the Tribunal have been prepared using the Infor SunSystems financial software package.

The financial statements and the notes to the financial statements were authorized by the Registrar of the Tribunal, Ms. Ximena Hinrichs Oyarce, on 10 February 2023.

Appendix II

Status of contributions to the International Tribunal for the Law of the Sea from 1996 to 2022, as at 31 December 2022

(Euros)

States parties	Contributions assessed					Payments	Contributions outstanding			
	2022 scale of assessments (percentage)	Previous budget periods (1996–2018)	Prior budget period ^a (2019–2020)	Current budget period ^a (2021–2022)	Total ^a		Previous budget periods ^b (1996–2018)	Prior budget period (2019–2020)	Current budget period ^c (2021–2022)	Total outstanding ^c
Albania	0.0108	16 029	2 196	2 592	20 817	22 015	—	—	—	(1 198)
Algeria	0.1867	260 533	41 021	44 698	346 252	362 420	—	—	—	(16 168)
Angola	0.0135	20 989	2 744	3 238	26 971	25 745	—	—	1 225	1 225
Antigua and Barbuda	0.0100	16 613	2 034	2 394	21 041	15 567	1 046	2 034	2 394	5 474
Argentina	1.2382	1 530 528	247 968	296 368	2 074 864	1 926 681	—	—	148 183	148 183
Armenia	0.0100	14 126	2 034	2 394	18 554	19 677	—	—	—	(1 123)
Australia	2.9907	4 293 951	623 900	715 818	5 633 669	5 949 174	—	—	—	(315 505)
Austria	0.9161	1 995 222	191 683	219 280	2 406 185	2 406 185	—	—	—	(0)
Azerbaijan	0.0663	19 402	14 953	15 872	50 227	50 227	—	—	—	—
Bahamas	0.0244	36 245	4 393	5 830	46 468	46 467	—	—	—	—
Bahrain	0.0677	75 340	12 901	16 194	104 435	104 405	—	—	30	30
Bangladesh	0.0135	20 079	2 744	3 238	26 061	27 557	—	—	—	(1 497)
Barbados	0.0100	19 925	2 034	2 394	24 353	24 352	—	—	—	(0)
Belarus	0.0663	64 810	14 405	15 872	95 087	95 077	—	—	10	10
Belgium	1.1110	2 319 968	234 076	265 922	2 819 966	2 819 966	—	—	—	(0)
Belize	0.0100	16 478	2 034	2 394	20 906	15 432	1 046	2 034	2 394	5 474
Benin	0.0100	15 970	2 034	2 394	20 398	17 281	—	724	2 394	3 118
Bolivia (Plurinational State of)	0.0217	20 166	3 844	5 182	29 192	24 483	—	—	4 709	4 709
Bosnia and Herzegovina	0.0162	25 029	3 430	3 886	32 345	32 345	—	—	—	—
Botswana	0.0189	32 560	3 842	4 534	40 936	43 176	—	—	—	(2 241)
Brazil	3.9894	4 720 877	928 799	954 856	6 604 532	6 061 634	—	—	542 897	542 897
Brunei Darussalam	0.0338	64 174	7 408	8 098	79 680	82 803	—	—	—	(3 123)
Bulgaria	0.0622	74 060	12 488	14 900	101 448	109 883	—	—	—	(8 435)
Burkina Faso	0.0100	13 096	2 034	2 394	17 524	15 754	—	—	1 770	1 770

States parties	2022 scale of assessments (percentage)	Contributions assessed				Payments	Contributions outstanding			
		Previous budget periods (1996–2018)	Prior budget period ^a (2019–2020)	Current budget period ^a (2021–2022)	Total ^a		Previous budget periods ^b (1996–2018)	Prior budget period (2019–2020)	Current budget period ^c (2021–2022)	Total outstanding ^c
Cabo Verde	0.0100	16 547	2 034	2 394	20 975	20 975	—	—	—	(0)
Cameroon	0.0176	24 295	3 157	4 210	31 662	18 349	5 945	3 157	4 210	13 312
Canada	3.6998	5 498 305	775 919	885 542	7 159 766	7 552 629	—	—	—	(392 863)
Chad	0.0100	9 385	2 034	2 394	13 813	6 016	3 369	2 034	2 394	7 797
Chile	0.5508	551 364	110 604	131 828	793 796	793 796	—	—	—	—
China	16.2457	7 815 924	2 735 825	3 888 414	14 440 163	16 740 421	—	—	—	(2 300 258)
Comoros	0.0100	16 478	2 034	2 394	20 906	94	16 384	2 034	2 394	20 812
Congo	0.0100	10 245	2 034	2 394	14 673	5 288	4 957	2 034	2 394	9 385
Cook Islands ^d	0.0100	16 478	2 034	2 394	20 906	20 908	—	—	—	(2)
Costa Rica	0.0839	72 751	14 963	20 082	107 796	101 436	—	—	6 361	6 361
Côte d'Ivoire	0.0176	22 847	3 021	4 210	30 078	24 433	—	1 434	4 210	5 644
Croatia	0.1042	172 271	24 143	24 940	221 354	221 353	—	—	—	—
Cuba	0.1083	125 546	19 903	25 912	171 361	171 360	—	—	—	(0)
Cyprus	0.0487	97 657	10 838	11 660	120 155	125 544	—	—	—	(5 389)
Czechia	0.4209	643 074	89 867	100 732	833 673	884 719	—	—	—	(51 047)
Democratic Republic of the Congo	0.0135	17 599	2 471	3 238	23 308	94	17 505	2 471	3 238	23 214
Denmark	0.7497	1 241 076	156 147	179 440	1 576 663	1 576 663	—	—	—	—
Djibouti	0.0100	16 478	2 034	2 394	20 906	4 281	12 197	2 034	2 394	16 625
Dominica	0.0100	16 478	2 034	2 394	20 906	17 780	—	732	2 394	3 126
Dominican Republic	0.0717	51 773	13 588	17 166	82 527	82 295	—	—	232	232
Ecuador	0.1083	43 050	20 177	25 912	89 139	77 817	—	—	11 322	11 322
Egypt	0.2517	246 432	46 393	60 246	353 071	373 636	—	—	—	(20 566)
Equatorial Guinea	0.0217	17 856	3 570	5 182	26 608	11 758	6 098	3 570	5 182	14 850
Estonia	0.0528	51 550	10 566	12 632	74 748	81 360	—	—	—	(6 613)
Eswatini	0.0100	6 314	2 034	2 394	10 742	4 411	1 903	2 034	2 394	6 331
European Union ^e	n/a	1 544 274	185 000	220 000	1 949 274	1 949 274	—	—	—	—
Fiji	0.0100	16 886	2 034	2 394	21 314	20 410	—	—	904	904
Finland	0.5697	1 250 449	120 330	136 362	1 507 141	1 569 545	—	—	—	(62 404)
France	5.9908	14 001 087	1 274 080	1 433 904	16 709 071	16 709 071	—	—	—	—
Gabon	0.0203	31 619	4 390	4 858	40 867	34 614	—	1 394	4 858	6 252

States parties	2022 scale of assessments (percentage)	Contributions assessed				Payments	Contributions outstanding			
		Previous budget periods (1996–2018)	Prior budget period ^a (2019–2020)	Current budget period ^a (2021–2022)	Total ^a		Previous budget periods ^b (1996–2018)	Prior budget period (2019–2020)	Current budget period ^c (2021–2022)	Total outstanding ^c
Gambia	0.0100	16 478	2 034	2 394	20 906	458	16 020	2 034	2 394	20 448
Georgia	0.0108	29 543	2 196	2 592	34 331	35 529	—	—	—	(1 198)
Germany	8.2413	19 324 640	1 712 280	1 972 548	23 009 468	23 009 467	—	—	—	(0)
Ghana	0.0203	22 373	4 254	4 858	31 485	29 525	—	—	1 960	1 960
Greece	0.4953	1 292 204	114 815	118 548	1 525 567	1 525 567	—	—	—	—
Grenada	0.0100	16 478	2 034	2 394	20 906	22 059	—	—	—	(1 153)
Guatemala	0.0487	62 893	8 786	11 660	83 339	77 524	—	—	5 815	5 815
Guinea	0.0100	16 751	2 034	2 394	21 179	94	16 657	2 034	2 394	21 085
Guinea-Bissau	0.0100	16 478	2 034	2 394	20 906	94	16 384	2 034	2 394	20 812
Guyana	0.0100	16 478	2 034	2 394	20 906	22 544	—	—	—	(1 639)
Haiti	0.0100	16 613	2 034	2 394	21 041	20 128	—	—	913	913
Honduras	0.0122	17 379	2 333	2 916	22 628	18 765	—	947	2 916	3 863
Hungary	0.2788	418 923	50 377	66 724	536 024	570 268	—	—	—	(34 245)
Iceland	0.0379	76 826	7 000	9 070	92 896	98 327	—	—	—	(5 431)
India	1.1286	1 165 458	215 612	270 132	1 651 202	1 808 571	—	—	—	(157 368)
Indonesia	0.7348	583 735	143 686	175 878	903 299	903 299	—	—	—	(0)
Iraq	0.1746	131 364	35 403	41 784	208 551	192 746	—	—	15 805	15 805
Ireland	0.5021	874 433	96 892	120 166	1 091 491	1 157 560	—	—	—	(66 069)
Italy	4.4752	11 270 506	967 934	1 071 136	13 309 576	13 786 359	—	—	—	(476 783)
Jamaica	0.0108	22 750	2 333	2 592	27 675	27 674	—	—	—	—
Japan	11.5892	33 018 822	2 503 056	2 773 876	38 295 754	38 295 754	—	—	—	(0)
Jordan	0.0284	32 183	5 627	6 802	44 612	44 613	—	—	—	(0)
Kenya	0.0325	25 983	5 765	7 774	39 522	39 522	—	—	—	(0)
Kiribati	0.0100	14 126	2 034	2 394	18 554	18 513	—	—	41	41
Kuwait	0.3410	496 201	73 676	81 622	651 499	651 877	—	—	—	(377)
Lao People's Democratic Republic	0.0100	15 706	2 034	2 394	20 134	19 230	—	—	904	904
Latvia	0.0636	59 239	13 309	15 224	87 772	95 273	—	—	—	(7 501)
Lebanon	0.0636	70 574	12 762	15 224	98 560	78 855	—	4 481	15 224	19 705
Lesotho	0.0100	11 312	2 034	2 394	15 740	—	11 312	2 034	2 394	15 740
Liberia	0.0100	10 032	2 034	2 394	14 460	11 780	—	286	2 394	2 680

States parties	2022 scale of assessments (percentage)	Contributions assessed				Payments	Contributions outstanding			
		Previous budget periods (1996–2018)	Prior budget period ^a (2019–2020)	Current budget period ^a (2021–2022)	Total ^a		Previous budget periods ^b (1996–2018)	Prior budget period (2019–2020)	Current budget period ^c (2021–2022)	Total outstanding ^c
Lithuania	0.0961	95 627	19 623	22 996	138 246	149 804	—	—	—	(11 558)
Luxembourg	0.0907	164 479	17 977	21 702	204 158	204 158	—	—	—	(0)
Madagascar	0.0100	14 819	2 034	2 394	19 247	16 126	—	727	2 394	3 121
Malawi	0.0100	8 300	2 034	2 394	12 728	—	8 300	2 034	2 394	12 728
Malaysia	0.4615	548 084	90 985	110 450	749 519	801 650	—	—	—	(52 131)
Maldives	0.0100	15 176	2 034	2 394	19 604	19 604	—	—	—	(0)
Mali	0.0100	16 677	2 034	2 394	21 105	20 171	—	—	934	934
Malta	0.0230	36 227	4 529	5 506	46 262	49 116	—	—	—	(2 854)
Marshall Islands	0.0100	16 478	2 034	2 394	20 906	15 892	585	2 034	2 394	5 013
Mauritania	0.0100	16 478	2 034	2 394	20 906	24 058	—	—	—	(3 152)
Mauritius	0.0149	26 115	3 156	3 562	32 833	32 833	—	—	—	—
Mexico	1.7484	4 069 076	374 150	418 478	4 861 704	4 861 703	—	—	—	(1)
Micronesia (Federated States of)	0.0100	16 478	2 034	2 394	20 906	18 027	—	485	2 394	2 879
Monaco	0.0149	19 344	2 882	3 562	25 788	25 788	—	—	—	—
Mongolia	0.0100	16 613	2 034	2 394	21 041	22 240	—	—	—	(1 199)
Montenegro	0.0100	11 721	2 034	2 394	16 149	13 121	—	634	2 394	3 028
Morocco	0.0744	81 685	14 958	17 814	114 457	114 457	—	—	—	—
Mozambique	0.0100	16 280	2 034	2 394	20 708	20 709	—	—	—	(0)
Myanmar	0.0135	21 046	2 744	3 238	27 028	28 525	—	—	—	(1 497)
Namibia	0.0122	19 686	2 606	2 916	25 208	15 850	3 836	2 606	2 916	9 358
Nauru	0.0100	16 478	2 034	2 394	20 906	20 906	—	—	—	—
Nepal	0.0100	15 927	2 034	2 394	20 355	21 905	—	—	—	(1 549)
Netherlands	1.8350	3 994 106	389 388	439 208	4 822 702	4 822 702	—	—	—	—
New Zealand	0.3938	581 364	76 715	94 254	752 333	798 683	—	—	—	(46 350)
Nicaragua	0.0100	15 446	2 034	2 394	19 874	20 795	—	—	—	(921)
Niger	0.0100	5 535	2 034	2 394	9 963	0	5 535	2 034	2 394	9 963
Nigeria	0.3383	190 335	63 000	80 974	334 309	162 317	28 017	63 000	80 974	171 991
Niue ^d	0.0100	11 721	2 034	2 394	16 149	13 031	—	724	2 394	3 118
North Macedonia	0.0100	17 180	2 034	2 394	21 608	13 315	3 865	2 034	2 394	8 293
Norway	1.0203	1 780 488	219 931	244 220	2 244 639	2 244 639	—	—	—	(0)

States parties	2022 scale of assessments (percentage)	Contributions assessed				Payments	Contributions outstanding			
		Previous budget periods (1996–2018)	Prior budget period ^a (2019–2020)	Current budget period ^a (2021–2022)	Total ^a		Previous budget periods ^b (1996–2018)	Prior budget period (2019–2020)	Current budget period ^c (2021–2022)	Total outstanding ^c
Oman	0.1556	186 224	31 287	37 248	254 759	254 758	—	—	—	—
Pakistan	0.1556	164 512	28 551	37 248	230 311	211 348	—	—	18 964	18 964
Palau	0.0100	16 371	2 034	2 394	20 799	20 125	—	—	675	675
Panama	0.0609	51 522	10 845	14 576	76 943	77 149	—	—	—	(206)
Papua New Guinea	0.0135	17 100	2 393	3 238	22 731	14 313	2 787	2 393	3 238	8 418
Paraguay	0.0217	25 787	4 118	5 182	35 087	43 045	—	—	—	(7 959)
Philippines	0.2774	251 239	50 787	66 400	368 426	368 425	—	—	—	—
Poland	1.0853	1 384 494	225 441	259 768	1 869 703	1 995 181	—	—	—	(125 478)
Portugal	0.4736	1 064 360	101 803	113 364	1 279 527	1 332 385	—	—	—	(52 859)
Qatar	0.3816	268 423	75 614	91 340	435 377	435 377	—	—	—	(0)
Republic of Korea	3.0678	4 356 131	590 964	734 280	5 681 375	5 681 377	—	—	—	(0)
Republic of Moldova	0.0100	11 525	2 034	2 394	15 953	17 076	—	—	—	(1 123)
Romania	0.2679	296 471	52 424	64 132	413 027	460 321	—	—	—	(47 293)
Russian Federation	3.2546	4 184 337	753 502	778 978	5 716 817	5 993 378	—	—	—	(276 561)
Saint Kitts and Nevis	0.0100	16 478	2 034	2 394	20 906	13 911	2 567	2 034	2 394	6 995
Saint Lucia	0.0100	16 478	2 034	2 394	20 906	22 038	—	—	—	(1 132)
Saint Vincent and the Grenadines	0.0100	16 478	2 034	2 394	20 906	21 316	—	—	—	(410)
Samoa	0.0100	16 478	2 034	2 394	20 906	22 080	—	—	—	(1 174)
Sao Tome and Principe	0.0100	16 478	2 034	2 394	20 906	94	16 384	2 034	2 394	20 812
Saudi Arabia	1.5860	1 834 147	318 091	379 610	2 531 848	2 531 848	—	—	—	—
Senegal	0.0100	17 160	2 034	2 394	21 588	18 404	—	790	2 394	3 184
Serbia	0.0379	75 622	8 232	9 070	92 924	92 924	—	—	—	(0)
Seychelles	0.0100	16 613	2 034	2 394	21 041	19 844	—	—	1 197	1 197
Sierra Leone	0.0100	16 478	2 034	2 394	20 906	21 175	—	—	—	(269)
Singapore	0.6563	806 647	127 905	157 092	1 091 644	1 167 191	—	—	—	(75 546)
Slovakia	0.2070	235 535	42 948	49 556	328 039	351 252	—	—	—	(23 213)
Slovenia	0.1028	205 308	21 953	24 616	251 877	263 719	—	—	—	(11 841)
Solomon Islands	0.0100	16 083	2 034	2 394	20 511	17 509	—	608	2 394	3 002
Somalia	0.0100	16 478	2 034	2 394	20 906	94	16 384	2 034	2 394	20 812
South Africa	0.3681	798 942	87 238	88 100	974 280	974 280	—	—	—	(0)

States parties	2022 scale of assessments (percentage)	Contributions assessed				Payments	Contributions outstanding			
		Previous budget periods (1996–2018)	Prior budget period ^a (2019–2020)	Current budget period ^a (2021–2022)	Total ^a		Previous budget periods ^b (1996–2018)	Prior budget period (2019–2020)	Current budget period ^c (2021–2022)	Total outstanding ^c
Spain	2.9041	6 414 706	629 599	695 088	7 739 393	7 739 394	—	—	—	(0)
Sri Lanka	0.0595	45 162	10 296	14 252	69 710	62 584	—	—	7 126	7 126
State of Palestine	0.0108	3 957	2 118	2 592	8 667	7 774	—	—	893	893
Sudan	0.0135	21 364	2 744	3 238	27 346	1 060	20 304	2 744	3 238	26 286
Suriname	0.0100	16 005	2 034	2 394	20 433	14 147	1 858	2 034	2 394	6 286
Sweden	1.2260	2 408 586	255 488	293 452	2 957 526	2 957 526	—	—	—	—
Switzerland	1.5576	1 432 910	314 380	372 808	2 120 098	2 120 098	—	—	—	—
Thailand	0.4154	253 693	82 065	99 438	435 196	490 600	—	—	—	(55 404)
Timor-Leste	0.0100	6 061	2 034	2 394	10 489	10 481	—	—	8	8
Togo	0.0100	16 545	2 034	2 394	20 973	22 096	—	—	—	(1 123)
Tonga	0.0100	16 478	2 034	2 394	20 906	18 783	—	—	2 123	2 123
Trinidad and Tobago	0.0541	71 987	10 157	12 956	95 100	100 745	—	—	—	(5 645)
Tunisia	0.0338	72 515	7 272	8 098	87 885	87 885	—	—	—	—
Tuvalu	0.0100	14 126	2 034	2 394	18 554	7 449	6 677	2 034	2 394	11 105
Uganda	0.0108	17 330	2 333	2 592	22 255	23 774	—	—	—	(1 519)
Ukraine	0.0771	183 468	21 938	18 462	223 868	223 868	—	—	—	(0)
United Kingdom	6.1803	13 090 579	1 239 153	1 479 250	15 808 982	15 808 982	—	—	—	(0)
United Republic of Tanzania	0.0135	18 333	2 744	3 238	24 315	18 935	—	2 142	3 238	5 380
Uruguay	0.1177	112 591	22 782	28 180	163 553	166 669	—	—	—	(3 116)
Vanuatu	0.0100	15 619	2 034	2 394	20 047	20 047	—	—	—	—
Viet Nam	0.1042	67 617	18 532	24 940	111 089	111 089	—	—	—	—
Yemen	0.0135	20 990	2 744	3 238	26 972	10 946	10 043	2 744	3 238	16 025
Zambia	0.0122	16 677	2 255	2 916	21 848	94	16 583	2 255	2 916	21 754
Zimbabwe	0.0100	18 282	2 034	2 394	22 710	2 632	15 650	2 034	2 394	20 078
Total	100.00	171 093 188	20 521 200	24 155 000	215 769 441	219 102 336	290 200	143 763	986 423	1 420 386

Abbreviation: n/a, not applicable.

^a Total subject to rounding differences.

^b A total of 10 States parties have not contributed in full towards the period 1996–2004. The amount outstanding for that period is €34,041. A total of 11 States parties have not yet paid any contributions towards the budgets of the Tribunal.

^c Figures in brackets indicate credits being carried forward to 2023 (total: €4,753,285).

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

^e Agreed contributions in accordance with the Financial Regulations of the Tribunal. For the 2021–2022 budget period, see [SPLOS/30/17](#).

Appendix III

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

(Euros)

A. Nippon Foundation grant for the period from 1 January to 31 December 2022

	2022
Revenue	
Grant from the Nippon Foundation	233 930
Interest revenue	—
Miscellaneous revenue	853
Gain on exchange	21
Net revenue	234 804
Expenses	
Participants (subsistence allowance, travel and insurance)	141 715
Lecturers (subsistence allowance and travel)	39 607
General administrative expenses	41 715
Non-refundable taxes	405
Losses on exchange	—
Total expenses	223 441
Surplus for the period	11 363
Assets	
Cash and term deposits	98 256
Accounts receivable	1 134
Prepaid expenses	5 820
Total assets	105 210
Liabilities	
Accounts payable	4 604
Total liabilities	4 604
Net assets/equity	
Surplus for prior periods	114 674
Surrender of surplus	(25 431)
Surplus for the financial period 2022	11 363
Total net assets/equity	100 606
Total liabilities and net assets/equity	105 210

B. Trust fund for the law of the sea for the period from 1 January to 31 December 2022

	2022
Revenue	
Contributions	86 000
Interest revenue	–
Loss on exchange	(2)
Net revenue	85 998
Expenses	
Internship programme	20 794
Workshops	20 232
Bank charges	1 146
Non-refundable taxes	137
Total expenses	42 309
Surplus for the period	43 689
Assets	
Cash and term deposits	282 349
Accounts receivable	–
Total assets	282 349
Liabilities	
Accounts payable	29
Total liabilities	29
Net assets/equity	
Surplus for prior periods	238 631
Surplus for the financial period 2022	43 689
Total net assets/equity	282 320
Total liabilities and net assets/equity	282 349

C. Republic of Korea trust fund for the period from 1 January to 31 December 2022

	2022
Revenue	
Contributions	197 844
Interest revenue	–
Gains and losses on exchange	32
Miscellaneous revenue	588
Net revenue	198 464
Expenses	
Tickets and DSA (judges)	21 267
Tickets and DSA (lecturers)	13 346
Tickets and DSA (participants)	151 573
Accommodation	23 233
Temporary assistance	11 529
Hospitality	20 688
Bank charges	1 811
Non-refundable taxes	65
Administrative expenses	1 752
Capacity-building (IFLOS summer academy and ITLOS internship programme)	40 000
Total expenses	285 264
Surplus for the period	-86 800
Assets	
Cash and term deposits	222 232
Tax receivables	5 279
Total assets	227 511
Liabilities	
Accounts payable	242
Total liabilities	242
Net assets/equity	
Surplus for prior periods	314 068
Deficit for the financial period 2022	-86 800
Total net assets/equity	227 268
Total liabilities and net assets/equity	227 510

Abbreviations: DSA, daily subsistence allowance; IFLOS, International Foundation for the Law of the Sea; ITLOS, International Tribunal for the Law of the Sea.

Appendix IV

Audit procedures and results of additional audit scope

In accordance with the assignment, we have audited the following aspects of operating procedures in addition to our audit of the financial statements of the International Tribunal for the Law of the Sea, Hamburg, for the financial period from 1 January to 31 December 2022:

(a) Whether the expenses incurred during the financial period were in accordance with the International Public Sector Accounting Standards (IPSAS);

(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 and IPSAS;

(e) Whether goods and services that 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 grants given to the Tribunal by the Nippon Foundation, the trust fund for the law of the sea and the Republic of Korea trust fund and 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, we have performed the additional procedures set out below.

1. Approval of expenses

As instructed, we have audited whether the expenses incurred during the financial period 2022 were in accordance with the appropriations approved by the Meeting of States Parties.

From the approved budget for the financial period 2022 amounting to €12,077,500, a total amount of €10,749,904 was spent against approved budget lines, resulting in savings of €1,327,596 (see appendix I). The overall budget was underspent and no overexpenditures were incurred in the budget lines. We refer also to the explanations in the notes to the financial statements and the financial report in appendix I.

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, whether those procedures have been strictly followed by the Tribunal in all material respects.

No significant matters came to our attention as a result of the work done. 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 financial period 2022, the Tribunal recruited two new staff members. We have audited, on a sample basis, whether the procedures for recruiting and engaging the new staff members were in line with the Rules of the Tribunal or the Staff Regulations and Rules of the Tribunal.

No discrepancies came to our attention as a result of the work done. 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 whether the procedures followed by the Tribunal in the order process were in line with the Financial Regulations and Rules of the Tribunal (i.e. whether they included requests for bids or tenders, fair analysis of tenders, written contracts, etc.) and tested, on a sample basis, that those procedures have been followed by the Tribunal in all material respects.

No matters came to our attention as a result of the work done. In our opinion, the procedures for procurement of goods and services were carried out in accordance with the Financial Regulations and Rules of the Tribunal.

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

We have 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 2021 has duly been 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 Republic of Korea trust fund

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 €234,804 in 2022 to the Nippon Foundation's 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 participants from developing countries in the aforementioned programme. The Nippon Foundation grant was invested in a special bank account.

During the financial period 2022, the sum of €233,441 was withdrawn from the Nippon Foundation grant to provide funding for the programme's activities. In the

financial period, participants from several developing countries took part in the programme.

As at 31 December 2022, the special bank account of the Nippon Foundation grant showed a balance of €98,256.

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

Trust fund for the law of the sea

Total contributions in the amount of €86,000 were made to the trust fund, as explained in the financial report contained in appendix I. A special bank account was set up for the trust fund.

During the financial period 2022, an amount of €20,794 was withdrawn to provide funding to the internship programme and an amount of €23,232 was withdrawn for Tribunal workshops.

The special bank account showed a balance of €282,349 as at 31 December 2022.

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

Republic of Korea trust fund

This trust fund was established in 2020. Total contributions in the amount of €198,464 were made to the trust fund, as explained in the financial report contained in appendix I. A special bank account was set up for the trust fund.

During the financial period 2022, an amount of €186,186 was withdrawn for tickets and daily subsistence allowance for judges, lecturers and participants, and a further amount of €40,000 was withdrawn for the Tribunal's summer academy and for internship programme travel.

The special bank account showed a balance of €222,232 as at 31 December 2022.

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