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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 2021**

Report of the external auditor for the financial period 2021, with financial statements of the International Tribunal for the Law of the Sea as at 31 December 2021

(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 2021 in January and February 2022 and submitted its report on 17 February 2022 (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 2021 and of its financial performance for the period from 1 January to 31 December 2021 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/32/L.1/Rev.1.



Annex

Report of the external auditor for the financial period 2021, with financial statements of the International Tribunal for the Law of the Sea as at 31 December 2021

Contents

	<i>Page</i>
I. Audit engagement	3
II. Report of the independent Auditor	3
III. Subject of the audit	5
IV. Nature and scope of the audit	6
V. Explanations related to the accounting	8
VI. Findings from the extended scope of the audit engagement	9
VII. Concluding statement and signature of the Auditors	9
Appendices	
I. Financial statements of the International Tribunal for the Law of the Sea	10
Statement of financial position as at 31 December 2021	10
Statement of financial performance for the period from 1 January to 31 December 2021	12
Statement of changes in net assets/equity for the period from 31 December 2020 to 31 December 2021	13
Statement of cash flows for the period from 31 December 2020 to 31 December 2021	14
Statement of comparison of budget and actual amounts for the financial period from 1 January to 31 December 2021	15
Notes to the financial statements for the period from 1 January to 31 December 2021	17
II. Status of contributions to the International Tribunal for the Law of the Sea for the financial periods 1996/97 to 2021, as at 31 December 2021	33
III. Performance reports for grants given to the International Tribunal for the Law of the Sea ...	40
A. Nippon Foundation grant for the period from 1 January to 31 December 2021	40
B. Trust fund for the law of the sea for the period from 1 January to 31 December 2021	41
C. Republic of Korea trust fund for the period from 1 January to 31 December 2021	42
IV. Audit procedures and results of additional audit scope	43

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

I. Audit engagement

At the thirtieth Meeting of the States Parties to the United Nations Convention on the Law of the Sea, on 9 December 2020, we were appointed as auditors of the International Tribunal for the Law of the Sea, Hamburg, for the financial period from 1 January to 31 December 2021. 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 2021 in accordance with the International Public Sector Accounting Standards (IPSAS).

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

The present report is solely intended for the Tribunal.

The performance of the engagement and our responsibilities – also towards third parties – are governed by the special terms and conditions of the Auditor and the general terms of engagement for German public auditors and public audit firms, as amended on 1 January 2017 (see [SPLOS/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 2021 in the present report (see appendix I). They comprise the statement of financial performance (statement II), the statement of financial position (statement I), 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 statements, in the version for which the unqualified audit opinion was signed and issued in Lübeck on 17 February 2022.

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 2021. 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 statements, 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 2021 and of its financial performance for the period from 1 January to 31 December 2021 in accordance with IPSAS.

In accordance with the first sentence of paragraph 322 (3) of the German accounting law, 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 conducted our audit of the financial statements in accordance with paragraph 317 of the German accounting law and 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 the 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 the 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 opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery 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 Registrars' 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 assess whether the financial statements present the underlying transactions and events in a manner such that the financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Tribunal 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 2021, 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 statements, 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 2021, at the request of the Tribunal. The extended audit scope included the following:

- (a) Whether the first-time implementation of IPSAS as of 1 January 2021 was in accordance with those standards;
- (b) Whether the expenses incurred during the financial period were in accordance with IPSAS;
- (c) 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;
- (d) 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;
- (e) 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;

(f) 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;

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

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.

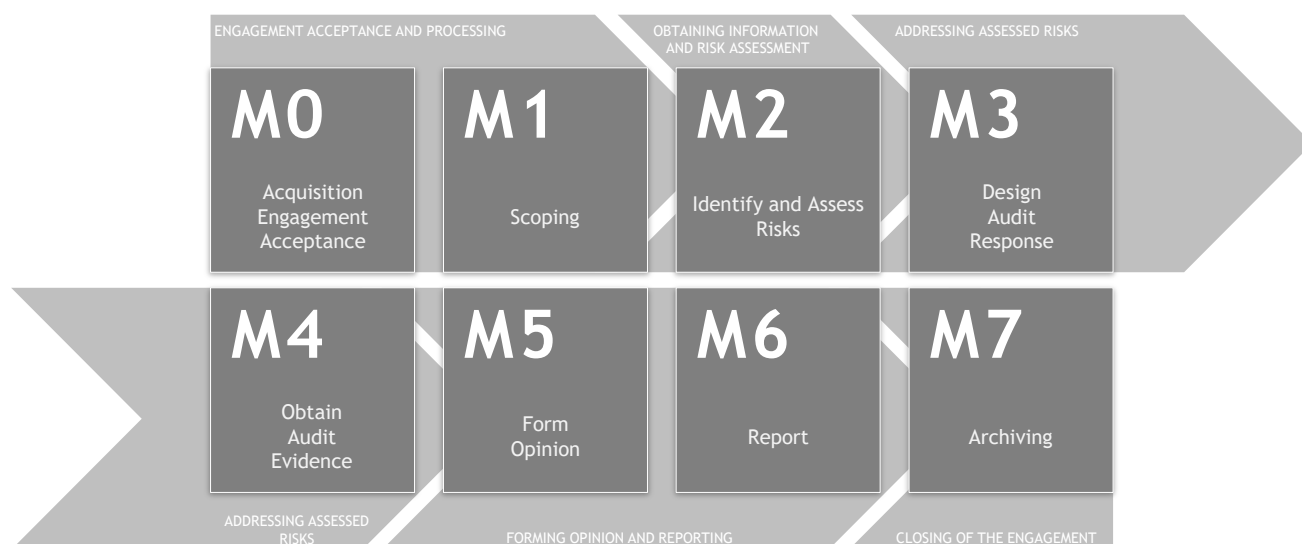
While assessing the risk of material misstatements in the financial statements, we identified and assessed risks at both the financial statement level and at the assertion level. Moreover, we categorized those risks into different types of risks, highlighting significant risks requiring special consideration 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 archiving of documents and closing of the engagement. The milestones are illustrated in the figure below.



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 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:

- Implementation of IPSAS as of 1 January 2021
- 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 January and February 2022, closing on 17 February 2022.

At the conclusion of the audit, the Registrar of the Tribunal provided us with a letter of representation, dated 17 February 2022, 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 2021 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 underlying audited 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 to 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:

- As a first-time adopter of IPSAS, the Tribunal is not required to present comparative information in its first financial statements presented in accordance with those standards. Accordingly, no 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.
- The Tribunal's assets amount to €52,397,449 in property, plant and equipment. Under the Agreement between the International Tribunal for the Law of the Sea 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 (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 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 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 reservation. We refer to our audit procedures and explanations in appendix III.

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 2021, in compliance with the 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 of the present report.

Lübeck, 17 February 2022

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 2021

(Euros)

	<i>Note</i>	<i>31 December 2021</i>	<i>Opening balance restated as at 1 January 2021</i>	<i>IPSAS implementation</i>	<i>31 December 2020</i>
Assets					
Current assets					
Cash and cash equivalents	4	10 593 108	6 751 562	–	6 751 562
Investments	5	–	1 200 000	–	1 200 000
Assessed contributions receivable	6	1 284 208	1 618 438	–	1 618 438
Tax reimbursements due	7	231 592	115 113	–	115 113
Other receivables	8	79 445	54 207	–	54 207
Prepaid expenses	9	63 962	98 182	–	98 182
Total current assets		12 252 317	9 837 502	–	9 837 502
Non-current assets					
Property, plant and equipment	10	288 700	163 131	163 131	–
Property, plant and equipment – building	10	52 108 749	55 193 722	55 193 722	–
Total non-current assets		52 397 449	55 356 853	55 356 853	–
Total assets		64 649 766	65 194 355	55 356 853	9 837 502
Liabilities					
Current liabilities					
Accounts payable and accruals	11	(136 275)	(80 398)	–	(80 398)
Contributions received in advance	12	(4 926 911)	(2 219 639)	–	(2 219 639)
Employee benefit liabilities	13	(264 744)	(260 377)	(260 377)	–
Obligations, current period	14	(1 214)	(536 904)	–	(536 904)
Total current liabilities		(5 329 144)	(3 097 318)	(260 377)	(2 836 941)
Non-current liabilities					
Employee benefit liabilities	15	(25 356 998)	(23 459 308)	(23 459 308)	–
Surrender of savings from prior years	16	(31 265)	(2 969 942)	–	(2 969 942)
Other non-current liabilities	17	(52 159 377)	(55 193 722)	(55 193 722)	–
Total current liabilities		(77 547 640)	(81 622 972)	(78 653 030)	(2 969 942)
Total liabilities		(82 876 784)	(84 720 290)	(78 913 407)	(5 806 883)

	<i>Note</i>	<i>31 December 2021</i>	<i>Opening balance restated as at 1 January 2021</i>	<i>IPSAS implementation</i>	<i>31 December 2020</i>
Net assets/equity					
Working Capital Fund	18	(1 309 132)	(1 309 132)	–	(1 309 132)
(Surplus)/deficit for prior period	19	(2 963 084)	(2 114 141)	–	(2 114 141)
(Surplus)/deficit for the financial period 2021	19	(1 057 320)	(607 346)	–	(607 346)
IPSAS implementation deficit	19	23 556 554	23 556 554	23 556 554	–
Total net assets/equity		18 227 018	19 525 935	23 556 554	(4 030 619)
Total liabilities and net assets/equity		(64 649 766)	(65 194 355)	(55 356 853)	(9 837 502)

Abbreviation: IPSAS, International Public Sector Accounting Standards.

Statement of financial performance for the period from 1 January to 31 December 2021

(Euros)

	Note	2021
Revenue		
Assessed contributions	20	(12 077 500)
Other revenue		
Savings due to cancellation of prior-period obligations	21	(47 917)
Gain on exchange	22	(13 634)
Miscellaneous revenue	23	(3 097 729)
Miscellaneous revenue from first adoption of assets	23	163 131
Total revenue		(15 073 649)
Expenses		
Employee salaries, allowances and benefits	24	8 720 515
Non-employee compensation and allowances	25	170 343
Supplies and consumables	26	206 704
Depreciation and amortization	27	3 165 715
Travel	28	114 444
Other operating expenses	29	1 609 283
Loss on exchange	30	29 325
Total expenses		14 016 329
(Surplus)/deficit for the financial period 2021		(1 057 320)
Other comprehensive (surplus)/deficit		
Accumulated (surplus)/deficit – assets	30	(241 597)
IPSAS implementation as at 1 January 2021		23 556 554
Total financial performance		22 257 636

Abbreviation: IPSAS, International Public Sector Accounting Standards.

Statement of changes in net assets/equity for the period from 31 December 2020 to 31 December 2021

(Euros)

	<i>Note</i>	<i>2021</i>
Working Capital Fund as at 31 December 2020		1 309 132
(Surplus)/deficit for prior period, 2020		2 114 141
(Surplus)/deficit for prior period 2020		607 346
Net assets/equity as at 31 December 2020	18	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	19	(23 556 554)
IPSAS opening balance as at 1 January 2021		(19 525 935)
(Surplus)/deficit for the financial period 2021	19	1 057 321
Accumulated surplus – assets	19	241 597
Total movements during the year		1 298 918
Total net assets/equity as at 31 December 2021		(18 227 017)

Abbreviation: IPSAS, International Public Sector Accounting Standards.

Statement of cash flows for the period from 31 December 2020 to 31 December 2021

(Euros)

	<i>Note</i>	<i>2021</i>
Cash flows from operating activities		
(Surplus)/deficit for the financial period (statement II)		1 057 320
Depreciation		3 165 715
(Increase) decrease in contributions receivable		334 230
(Increase) decrease in tax reimbursements due		(116 479)
(Increase) decrease in other accounts receivable		(25 238)
(Increase) decrease in prepaid expenses		34 220
Increase (decrease) in accounts payable		55 877
Increase (decrease) in contributions received in advance		2 707 272
Increase (decrease) in employee benefit liabilities		1 902 057
Increase (decrease) in obligations, current period		(535 690)
Increase (decrease) in accounts and other liabilities		(3 034 345)
Net cash flows from operating activities		5 544 939
Cash flows from investing and financing activities		
Purchase of property, plant and equipment		(206 311)
Net cash flows from investing and financing activities		(206 311)
Cash flows from other sources		
Increase (decrease) in accumulated surplus	34	241 596
Increase (decrease) in surrender of savings from prior years		(2 938 677)
Net increase (decrease) in net assets/equity		(2 697 081)
Cash and cash equivalents and investments at the beginning of the financial period		7 951 562
Cash and cash equivalents and investments at the end of the financial period		10 593 108

Statement of comparison of budget and actual amounts for the financial period from 1 January to 31 December 2021

(Euros)

			2021	2021		Total expenditure/ as a percentage of approved budget (percentage)	2021 expenses (accrual)	Total	
Part/section	Objects of expenditure	approved budget	expenses (cash)	2021 balance					
1	A	Recurrent expenditure							1
2	1	Judges	2 406 100	2 198 399	207 701	91.37	–	2 198 399	2
3	1.1	Annual allowances	1 748 500	1 727 200	21 300	98.78	–	1 727 200	3
4	1.2	Special allowances	467 300	382 472	84 828	81.85	–	382 472	4
5	1.3	Travel to session	149 400	85 165	64 235	57.00	–	85 165	5
6	1.4	Common costs	40 900	3 562	37 338	8.71	–	3 562	6
7	2	Judges' pension scheme	984 600	956 709	27 891	97.17	1 703 060	2 659 769	7
8	3	Staff costs	4 374 300	3 884 055	490 245	88.79	198 996	4 083 051	8
9	3.1	Established posts	3 000 100	2 722 500	277 600	90.75	–	2 722 500	9
10	3.4	Common staff costs	1 135 100	1 001 988	133 112	88.27	198 996	1 200 984	10
11	3.5	Overtime	12 500	6 767	5 733	54.14	–	6 767	11
12	3.6	Temporary assistance for meetings	124 350	109 308	15 042	87.90	–	109 308	12
13	3.7	General temporary assistance	58 950	32 993	25 957	55.97	–	32 993	13
14	3.8	Training	43 300	10 499	32 801	24.25	–	10 499	14
15	4	Representation allowance	6 700	6 414	286	95.73	–	6 414	15
16	5	Official travel	92 500	23 292	69 208	25.18	–	23 292	16
17	6	Hospitality	7 350	3 206	4 144	43.62	–	3 206	17
18	7	Operating expenditures	1 702 850	1 690 205	12 645	99.26	(57 930)	1 632 275	18
19	7.1	Maintenance of premises (including security)	1 322 350	1 282 431	39 919	96.98	(38 385)	1 244 046	19
20	7.2	Rental and maintenance of equipment	194 750	186 157	8 593	95.59	(22 287)	163 870	20
21	7.3	Communications	97 050	99 624	(2 574)	102.65	–	99 624	21
22	7.4	Miscellaneous services and charges (including bank charges)	18 550	66 192	(47 642)	356.83	2 742	68 934	22
23	7.5	Supplies and materials	62 800	55 801	6 999	88.86	–	55 801	23
24	7.6	Special services (external audit)	7 350	0	7 350	0.00	–	0	24
25	8	Library and related costs	174 000	161 849	12 151	93.02	–	161 849	25

	<i>Part/section</i>	<i>Objects of expenditure</i>	<i>2021 approved budget</i>	<i>2021 expenses (cash)</i>	<i>2021 balance</i>	<i>Total expenditure/ as a percentage of approved budget (percentage)</i>	<i>2021 expenses (accrual)</i>	<i>Total</i>	
26	8.1	Library – procurement of books and publications	133 000	132 246	754	99.43	–	132 246	26
27	8.3	External printing and binding	41 000	29 603	11 397	72.20	–	29 603	27
28									28
29	B	Non-recurrent expenditure							29
30	9	Purchase of equipment							30
31	9.1	Furniture and equipment	78 750	35 710	43 040	45.35	-17 052	18 658	31
32									32
33	C	Case-related costs	2 250 350	34 377	2 215 973	1.53	–	34 377	33
34	12	Judges	1 636 700	5 987	1 630 713	0.37	–	5 987	34
35	12.1	Special allowances	1 261 700	0	1 261 700	0.00	–	0	35
36	12.2	Compensation to judges ad hoc	165 800	0	165 800	0.00	–	0	36
37	12.3	Travel to meetings, including judges ad hoc	209 200	5 987	203 213	2.86	–	5 987	37
38	13	Staff costs	613 650	28 390	585 260	4.63	–	28 390	38
39	13.1	Temporary assistance for meetings	588 650	28 042	560 608	4.76	–	28 042	39
40	13.2	Overtime	25 000	348	24 652	1.39	–	348	40
41									41
42		Total	12 077 500	8 994 216	3 083 284	74.47	1 827 074	10 821 290	42

Loss on exchange	29 325
Depreciation	3 165 715
Total expenses	14 016 330

Notes to the financial statements for the period from 1 January to 31 December 2021

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 first to be prepared fully in accordance with 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. Accordingly, the previous audited statement of financial position, as at 31 December 2020, has been restated (see statement I). The revised statement of financial position as at 31 December 2020 is referred to in these financial statements as the opening balance restated. The net effect of the changes resulting from implementation of IPSAS in the statement of financial position amounted to a decrease in total net assets/equity of €23,556,554 as at 1 January 2021.

The employee benefit liabilities (current and non-current) have been determined by the values as at 31 December 2021. Considering that the service costs for those liabilities are at the same level as the expenses actually charged during the financial period, the values as at 31 December 2021 were used for the restated opening balances of the employee benefit liabilities.

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 performance (statement II);
- (b) Statement of financial position (statement I);
- (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.

As a first-time adopter of IPSAS, the Tribunal is not required to present comparative information in its first financial statements presented in accordance with those standards. Accordingly, no 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 2021–2022 budget period and the positive historical trend of the collection of assessed contributions over the previous years.

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

The adoption of the new accounting standards, including the related IPSAS compliant policies, has resulted in changes to the assets and liabilities recognized in the statement of financial position. Accordingly, the previous audited statement of assets, liabilities, reserves and fund balances as at 31 December 2020 has been revised and the resulting changes are summarized in the statement of changes in net assets/equity.

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 2005–2006 financial period 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 2021 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 2021 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 2021.

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 the 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 note 26).

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 Jan 2021</i>	<i>31 Dec 2021</i>	<i>Average</i>
Exchange rate between the euro and the United States dollar	0.815	0.881	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 2021, it was not possible to make short-term investments, pursuant to financial regulation 9, because of negative interest rates applied by commercial banks (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 before 31 December 2021 represent an account payable of the Tribunal and have been recorded in 2021.

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, 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.

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 2019–2020), 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 and modified cash basis of accounting applied to the budget differ.

Note 4**Cash and cash equivalents**

The Tribunal held a total of €10,593,108 in cash and cash equivalents as at 31 December 2021, including €1,309,133 in the Working Capital Fund. The equivalent of €5,735 is kept in United States dollars (\$6,510). At the end of the financial period 2019–2020, cash and cash equivalents amounted to €6,751,562.

Note 5**Investments**

Given the low interest rates during the reporting period, it was not possible to make any investments in accordance with the Financial Regulations and Rules of the Tribunal. As at 31 December 2020, investments amounted to €1,200,000.

Note 6**Assessed contributions receivable**

A total of €1,284,208 in assessed contributions was outstanding for the financial period 2021 and previous financial periods as at 31 December 2021. Of this amount, €709,095 was outstanding for the financial period 2021. For the financial period 2019–2020, €257,734 remained outstanding. As regards the financial periods 1996/97 to 2017–2018, the unpaid contributions amounted to €317,379. Contributions received in excess of contributions due are reported in note 12.

<i>Financial period of assessment</i>	<i>31 December 2021 (euros)</i>	<i>31 December 2020 (euros)</i>
1996/97 to 2017–2018	317 379	329 348
2019–2020	257 734	1 289 090
2021	709 095	–
Total	1 284 208	1 618 438

Note 7**Tax reimbursements due**

Tax reimbursements due refer to value added tax (VAT), energy tax and insurance tax. As at 31 December 2021, these receivables amount to €231,592, in comparison with €115,113 at the end of the previous financial period, and comprise:

- €217,675 for VAT
- €4,695 for energy tax
- €9,222 for insurance tax

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 Institute for Federal Real Estate and case-related receivables. This amounts to a total of €79,445.

	31 December 2021 (euros)	31 December 2020 (euros)
Accounts receivable, staff	5 930	5 059
Accounts receivable, judges	3 143	3 122
Accounts receivable, vendors	3 923	3 794
Accounts receivable, Institute for Federal Real Estate	63 297	47 080
Accounts receivable, case-related	3 152	3 152
Accounts receivable, trust funds	–	(8 000)
Total	79 445	54 207

Accounts receivable from staff include education grant advances, as well as amounts to be recovered in respect of salary advances and entitlement payments in excess. Accounts receivable from vendors represent credit notes for which the Tribunal has not yet been reimbursed and a deposit for fuel for the Tribunal's official cars. Accounts receivable from the 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 judges relate to a subsistence allowance advance. The case-related receivables concern interpretation and translation charges due to the Tribunal.

Note 9

Prepaid expenses

Prepaid expenses in the amount of €63,962 are payments made towards the end of the financial period 2021 which relate to the following financial period. Accordingly, these expenses will be charged against the provision for the financial period 2022 and will be cleared from the receivables items. In December 2020, prepaid expenses amounted to €98,182.

Note 10

Property, plant and equipment

The Tribunal's assets amount to €52,397,449 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 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 Institute for Federal Real Estate.

	<i>Other property, plant and equipment (euros)</i>						<i>Total</i>
	<i>Buildings</i>	<i>Furniture</i>	<i>Information technology equipment</i>	<i>Media, technique and communications</i>	<i>Other building equipment</i>	<i>Total (other property, plant and equipment)</i>	
Costs							
As at 1 January 2021	55 193 722	17 803	88 203	21 802	35 323	163 131	55 356 853
Additions	–	8 164	54 366	39 129	104 652	206 311	206 311
Impairment loss/disposal	–	–	–	–	–	–	–
As at 31 December 2021	55 193 722	25 967	142 569	60 931	139 975	369 442	55 563 164
Accumulated depreciation							
As at 1 January 2021	–	–	–	–	–	–	–
Depreciation	3 084 973	9 255	40 310	8 412	22 765	80 742	3 165 715
Disposals	–	–	–	–	–	–	–
As at 31 December 2021	3 084 973	9 255	40 310	8 412	22 765	80 742	3 165 715
Net book value							
As at 1 January 2021	55 193 722	17 803	88 203	21 802	35 323	163 131	55 356 853
As at 31 December 2021	52 108 749	16 712	102 259	52 519	117 210	288 700	52 397 449

Note 11**Accounts payable and accruals**

The records of the Tribunal indicate €3,346 in accounts payable to employees, €6,962 in payables to non-employees, such as consultants and external translators, and €125,967 in payables to vendors, making a total of €136,275. The accounts payable will be settled at the beginning of the following financial period, in January 2022. At the end of the financial period 2019–2020, payables amounted to €80,398.

Note 12**Contributions received in advance**

As at 31 December 2021, €4,926,911 was received in assessed contributions for future periods. At the end of 2020, contributions in the amount of €2,219,639 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 €19,838 for home leave, and in the amount of €367,943 for annual leave, have been recorded. These amounts represent current values. Of these amounts, liabilities in the amounts of €11,959 and €252,785, respectively, have been recorded in the statement of financial position. The remaining amounts of €10,650 and €115,158 were recorded as non-current liabilities (see note 15).

Note 14**Obligations (current period)**

An obligation for computer equipment from the financial period 2019–2020 in the amount of €1,214 will be carried over to 2022. The equipment was ordered in 2020 and is due for delivery in May 2022. At the end of 2020, obligations amounted to €536,904.

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 2021. The valuation of obligations as at 31 December 2021 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 0.881 between the dollar and the euro. The following liability amounts were recorded:

- Judges' pensions: €22,593,391 (\$25,645,166)
- After-service health insurance: €2,314,067 (\$2,626,637)
- Repatriation grants: €187,935 (\$213,320)
- Relocation grants: €135,797 (\$154,139)

Non-current liabilities for employee benefits for home leave (€10,650) and annual leave for staff members (€115,158) have been created (see note 13).

The following table shows amounts for service costs and interest:

	<i>Service costs (euros)</i>	<i>Interest (euros)</i>
Repatriation grant	14 564	1 686
After service health insurance	144 341	22 146
Pensions obligations	1 001 637	211 405
Relocation grant	–	1 196
Total	1 160 542	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 2021</i>	<i>31 December 2020</i>
2005–2006	1 359	1 359
2007–2008	3 210	3 210
2009–2010	2 690	2 894
2011–2012	949	949
2013–2014	4 221	4 585

<i>Financial period</i>	<i>31 December 2021</i>	<i>31 December 2020</i>
2017–2018	18 803	2 956 912
2003 (Staff assessment)	33	33
Total	31 265	2 969 942

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 at the fair value of €52,108,749 as at 31 December 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 €36,968.

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

Accordingly, other non-current liabilities amount to €52,159,377.

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 2020, of which €767,014 may be used to cover case-related costs.

Note 19

Surplus/deficit for prior periods

Prior-period gains and reserves stand at €2,963,083 and represent excess income over expenditure from previous financial periods (2005–2006 to 2019–2020), in accordance with regulation 4 of the Financial Regulations of the Tribunal. At the end of 2020, the prior-periods surplus amounted to €2,114,141.

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

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 2019–2020, the financial statements showed an amount of €536,904 for obligations. During the financial period 2021, an amount of €487,773 was charged against these obligations. Obligations in the amount of €47,917 were cancelled and are to be surrendered to States parties by using the 2019–2020 cash surplus. An obligation of €1,214 will be cleared in 2022 (see note 16).

Note 22**Gains on exchange**

Gains on exchange in the amount of €13,634 were recorded. Exchange rate losses are reported under expenses (see note 30).

Note 23**Miscellaneous revenue**

A total of €2,934,598 in miscellaneous revenue was recorded as at 31 December 2021. This amount includes:

- Miscellaneous revenue in the amount of €9,741 for refunds from gas and water suppliers (€9,095) and revenue from the sale of computer equipment (€646)
- Rounding gains (€15)
- Deferred revenue in the amount of €3,087,972 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)
- Minus €163,131 of assets recognized at the beginning of the financial period

Note 24**Employee salaries, allowances and benefits**

The amount of €8,720,515 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 25**Non-employee compensation and allowances**

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

Note 26**Supplies and consumables**

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

Note 27**Depreciation and amortization**

Of the €3,165,715 for depreciation, the amount of €3,084,973 corresponds to the depreciation of the four assets constituting the building (the main building, the security booth, the villa and the visitor parking lot). 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 2021.

Note 28**Travel**

A total of €114,443 was spent on travel in 2021. The amount includes €85,165, corresponding to travel to Hamburg by judges to attend sessions, and €29,278 for official travel by the President, the Registrar of the Tribunal and staff members.

Note 29**Other operating expenses**

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

Note 30**Loss on exchange**

A loss on exchange in the amount of €29,325 was recorded. Exchange rate gains are reported under revenue (see note 22).

Note 31**Surrender to States parties**

The amount of €241,595 corresponds to an amount in the accumulated surplus which is to be surrendered to States parties. It represents the net value of assets as at 1 January 2021 that were purchased and charged as expenses in previous financial periods. These assets were depreciated in 2021 and will continue to be depreciated in future financial periods. In order to avoid expenses being recorded twice (once when purchased and again when depreciated), the amount represents an adjustment to previous financial periods and will be surrendered to States parties together with the 2021–2022 cash surplus.

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

With the implementation of IPSAS, 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 2021 is half of the approved budget for the 2021–2022 budget period.

With regard to budget performance for the first year of the 2021–2022 budget period, the expenditure level as at 31 December 2021 indicates that the funds approved will be sufficient for the entire 2021–2022 budget period.

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. In addition, no urgent cases were submitted to the Tribunal in 2021. Expenses against the 2021 case-related budget of the Tribunal were thus very low. The approved budget for case No. 29 will be surrendered to the States parties after the end of the budget period.

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 therefore been paying interest on its cash since April 2020, with the interest paid in 2021 amounting to €38,862. 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 will lead to a negative balance in that budget line at the end of the 2021–2022 budget period. At the end of the financial period 2021, the expenses for this budget line amounted to €47,642. The anticipated overexpenditure should either be compensated 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 2021.

Note 33

Contingent liabilities

At the end of 2021, one complaint filed by a staff member of the Tribunal with the United Nations Appeals Tribunal was identified. The amount of the possible award by the United Nations Appeals Tribunal cannot be reliably measured or quantified.

A new revision of the salary scales of General Service staff for the Bonn duty station, which is also applicable for Hamburg, is expected to be put in place during

the financial period 2022. It is expected that the scale will be applied retroactively to certain months of 2021 but the amounts 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 €166,303.

For the President, the annual allowance amounted to €156,389 and the non-pensionable allowance to €87,246. Provisions for the President were created in an amount of €883,007.

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 2021: 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 €3,356,310 (including a contribution in March 2021 for the 2021–2022 programme in the amount of €230,000). At the beginning of the financial period 2021, the total reserves of the fund amounted to €131,260. In October 2021, an amount of €58,020 was surrendered to the Nippon Foundation. As at 31 December 2021, the balance of total reserves was €117,650. The audited financial statement for the Nippon Foundation grant will be circulated at the Meeting of States Parties in June 2022.

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 different sources (the Korea Maritime Institute, China, Cyprus and Korwind) were

received between 2009 and 2020. During the financial period 2021, two contributions from the Korea Maritime Institute, each in the amount of €15,000, and a contribution from Cyprus in the amount of €15,000, were received. 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 2021, the balance of total reserves stood at €238,631. The audited financial statement for the trust fund will be circulated at the Meeting of States Parties in June 2022.

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 a later date because of the COVID-19 pandemic. The balance of the trust fund amounted to €314,068 as at 31 December 2021.

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 are authorized by the Registrar of the Tribunal, Ms. Ximena Hinrichs-Oyarce, as at 10 February 2022.

Appendix II

Status of contributions to the International Tribunal for the Law of the Sea for the financial periods 1996/97 to 2021, as at 31 December 2021

(Euros)

States parties		Contributions assessed					Contributions outstanding					
		2021 scale of assessments (percentage)	Previous budget periods (1996/97 to 2017–2018)	Prior budget period ^a 2019–2020	Current financial period ^a 2021	Total ^a	Collections	Previous budget periods ^c (1996/97 to 2017–2018)	Prior budget period 2019–2020	Current financial period ^b 2021	Total ^b outstanding	
1	Albania	0.0108	16 029	2 196	1 296	19 521	20 817	–	–	(1 296)	(1 296)	1
2	Algeria	0.1867	260 533	41 021	22 349	323 903	323 903	–	–	–	–	2
3	Angola	0.0135	20 989	2 744	1 619	25 352	25 745	–	–	(394)	(394)	3
4	Antigua and Barbuda	0.0100	16 613	2 034	1 197	19 844	15 567	1 046	2 034	1 197	4 277	4
5	Argentina	1.2382	1 530 528	247 968	148 184	1 926 680	1 687 772	–	90 724	148 184	238 908	5
6	Armenia	0.0100	14 126	2 034	1 197	17 357	18 554	–	–	(1 197)	(1 197)	6
7	Australia	2.9907	4 293 951	623 900	357 909	5 275 760	5 633 669	–	–	(357 909)	(357 909)	7
8	Austria	0.9161	1 995 222	191 683	109 640	2 296 545	2 296 545	–	–	–	–	8
9	Azerbaijan	0.0663	19 402	14 953	7 936	42 291	42 291	–	–	–	–	9
10	Bahamas	0.0244	36 245	4 393	2 915	43 553	46 467	–	–	(2 915)	(2 915)	10
11	Bahrain	0.0677	75 340	12 901	8 097	96 338	96 308	–	–	30	30	11
12	Bangladesh	0.0135	20 079	2 744	1 619	24 442	26 060	–	–	(1 619)	(1 619)	12
13	Barbados	0.0100	19 925	2 034	1 197	23 156	24 352	–	–	(1 197)	(1 197)	13
14	Belarus	0.0663	64 810	14 405	7 936	87 151	87 151	–	–	–	–	14
15	Belgium	1.1110	2 319 968	234 076	132 961	2 687 005	2 687 005	–	–	–	–	15
16	Belize	0.0100	16 478	2 034	1 197	19 709	15 432	1 046	2 034	1 197	4 277	16
17	Benin	0.0100	15 970	2 034	1 197	19 201	17 281	–	724	1 197	1 921	17
18	Bolivia (Plurinational State of)	0.0217	20 166	3 844	2 591	26 601	24 483	–	–	2 118	2 118	18
19	Bosnia and Herzegovina	0.0162	25 029	3 430	1 943	30 402	30 402	–	–	–	–	19
20	Botswana	0.0189	32 560	3 842	2 267	38 669	38 668	–	–	–	–	20
21	Brazil	3.9894	4 720 877	928 799	477 428	6 127 104	5 799 805	–	–	327 299	327 299	21
22	Brunei Darussalam	0.0338	64 174	7 408	4 049	75 631	75 631	–	–	–	–	22

States parties		Contributions assessed					Contributions outstanding					
		2021 scale of assessments (percentage)	Previous budget periods (1996/97 to 2017–2018)	Prior budget period ^a 2019–2020	Current financial period ^a 2021	Total ^a	Collections	Previous budget periods ^c (1996/97 to 2017–2018)	Prior budget period 2019–2020	Current financial period ^b 2021	Total ^b outstanding	
23	Bulgaria	0.0622	74 060	12 488	7 450	93 998	101 448	–	–	(7 450)	(7 450)	23
24	Burkina Faso	0.0100	13 096	2 034	1 197	16 327	10 903	2 193	2 034	1 197	5 424	24
25	Cabo Verde	0.0100	16 547	2 034	1 197	19 778	18 874	–	–	904	904	25
26	Cameroon	0.0176	24 295	3 157	2 105	29 557	18 349	5 945	3 157	2 105	11 207	26
27	Canada	3.6998	5 498 305	775 919	442 771	6 716 995	7 159 766	–	–	(442 771)	(442 771)	27
28	Chad	0.0100	9 385	2 034	1 197	12 616	6 016	3 369	2 034	1 197	6 600	28
29	Chile	0.5508	551 364	110 604	65 914	727 882	727 882	–	–	–	–	29
30	China	16.2457	7 815 924	2 735 825	1 944 207	12 495 956	14 440 163	–	–	(1 944 207)	(1 944 207)	30
31	Comoros	0.0100	16 478	2 034	1 197	19 709	94	16 384	2 034	1 197	19 615	31
32	Congo	0.0100	10 245	2 034	1 197	13 476	5 288	4 957	2 034	1 197	8 188	32
33	Cook Islands ^d	0.0100	16 478	2 034	1 197	19 709	20 908	–	–	(1 199)	(1 199)	33
34	Costa Rica	0.0839	72 751	14 963	10 041	97 755	94 742	–	–	3 013	3 013	34
35	Côte d'Ivoire	0.0176	22 847	3 021	2 105	27 973	24 433	–	1 434	2 105	3 539	35
36	Croatia	0.1042	172 271	24 143	12 470	208 884	212 787	–	–	(3 904)	(3 904)	36
37	Cuba	0.1083	125 546	19 903	12 956	158 405	158 404	–	–	–	–	37
38	Cyprus	0.0487	97 657	10 838	5 830	114 325	120 155	–	–	(5 830)	(5 830)	38
39	Czechia	0.4209	643 074	89 867	50 366	783 307	833 672	–	–	(50 366)	(50 366)	39
40	Democratic Republic of the Congo	0.0135	17 599	2 471	1 619	21 689	94	17 505	2 471	1 619	21 595	40
41	Denmark	0.7497	1 241 076	156 147	89 720	1 486 943	1 486 943	–	–	–	–	41
42	Djibouti	0.0100	16 478	2 034	1 197	19 709	4 281	12 197	2 034	1 197	15 428	42
43	Dominica	0.0100	16 478	2 034	1 197	19 709	17 780	–	732	1 197	1 929	43
44	Dominican Republic	0.0717	51 773	13 588	8 583	73 944	72 264	–	–	1 680	1 680	44
45	Ecuador	0.1083	43 050	20 177	12 956	76 183	65 745	–	–	10 438	10 438	45
46	Egypt	0.2517	246 432	46 393	30 123	322 948	322 947	–	–	–	–	46
47	Equatorial Guinea	0.0217	17 856	3 570	2 591	24 017	11 758	6 098	3 570	2 591	12 259	47
48	Estonia	0.0528	51 550	10 566	6 316	68 432	74 747	–	–	(6 316)	(6 316)	48
49	Eswatini	0.0100	6 314	2 034	1 197	9 545	4 411	1 903	2 034	1 197	5 134	49
50	European Union ^e	n.a.	1 544 274	185 000	110 000	1 839 274	1 839 274	–	–	–	–	50

States parties		Contributions assessed					Contributions outstanding					
		2021 scale of assessments (percentage)	Previous budget periods (1996/97 to 2017–2018)	Prior budget period ^a 2019–2020	Current financial period ^a 2021	Total ^a	Collections	Previous budget periods ^c (1996/97 to 2017–2018)	Prior budget period 2019–2020	Current financial period ^b 2021	Total ^b outstanding	
51	Fiji	0.0100	16 886	2 034	1 197	20 117	20 410	–	–	(293)	(293)	51
52	Finland	0.5697	1 250 449	120 330	68 181	1 438 960	1 438 960	–	–	–	–	52
53	France	5.9908	14 001 087	1 274 080	716 952	15 992 119	15 992 119	–	–	–	–	53
54	Gabon	0.0203	31 619	4 390	2 429	38 438	34 614	–	1 394	2 429	3 823	54
55	Gambia	0.0100	16 478	2 034	1 197	19 709	458	16 020	2 034	1 197	19 251	55
56	Georgia	0.0108	29 543	2 196	1 296	33 035	33 035	–	–	–	–	56
57	Germany	8.2413	19 324 640	1 712 280	986 274	22 023 194	22 023 193	–	–	–	–	57
58	Ghana	0.0203	22 373	4 254	2 429	29 056	29 525	–	–	(469)	(469)	58
59	Greece	0.4953	1 292 204	114 815	59 274	1 466 293	1 466 293	–	–	–	–	59
60	Grenada	0.0100	16 478	2 034	1 197	19 709	19 700	–	–	9	9	60
61	Guatemala	0.0487	62 893	8 786	5 830	77 509	72 656	–	–	4 853	4 853	61
62	Guinea	0.0100	16 751	2 034	1 197	19 982	94	16 657	2 034	1 197	19 888	62
63	Guinea-Bissau	0.0100	16 478	2 034	1 197	19 709	94	16 384	2 034	1 197	19 615	63
64	Guyana	0.0100	16 478	2 034	1 197	19 709	20 903	–	–	(1 195)	(1 195)	64
65	Haiti	0.0100	16 613	2 034	1 197	19 844	20 128	–	–	(284)	(284)	65
66	Honduras	0.0122	17 379	2 333	1 458	21 170	18 765	–	947	1 458	2 405	66
67	Hungary	0.2788	418 923	50 377	33 362	502 662	536 023	–	–	(33 362)	(33 362)	67
68	Iceland	0.0379	76 826	7 000	4 535	88 361	92 896	–	–	(4 535)	(4 535)	68
69	India	1.1286	1 165 458	215 612	135 066	1 516 136	1 651 203	–	–	(135 066)	(135 066)	69
70	Indonesia	0.7348	583 735	143 686	87 939	815 360	747 297	–	–	68 063	68 063	70
71	Iraq	0.1746	131 364	35 403	20 892	187 659	192 746	–	–	(5 087)	(5 087)	71
72	Ireland	0.5021	874 433	96 892	60 083	1 031 408	1 091 491	–	–	(60 083)	(60 083)	72
73	Italy	4.4752	11 270 506	967 934	535 568	12 774 008	13 309 576	–	–	(535 568)	(535 568)	73
74	Jamaica	0.0108	22 750	2 333	1 296	26 379	27 674	–	–	(1 296)	(1 296)	74
75	Japan	11.5892	33 018 822	2 503 056	1 386 938	36 908 816	36 908 816	–	–	–	–	75
76	Jordan	0.0284	32 183	5 627	3 401	41 211	44 613	–	–	(3 401)	(3 401)	76
77	Kenya	0.0325	25 983	5 765	3 887	35 635	39 522	–	–	(3 887)	(3 887)	77
78	Kiribati	0.0100	14 126	2 034	1 197	17 357	17 352	–	–	5	5	78
79	Kuwait	0.3410	496 201	73 676	40 811	610 688	651 877	–	–	(41 188)	(41 188)	79

States parties		Contributions assessed					Contributions outstanding					
		2021 scale of assessments (percentage)	Previous budget periods (1996/97 to 2017–2018)	Prior budget period ^a 2019–2020	Current financial period ^a 2021	Total ^a	Collections	Previous budget periods ^c (1996/97 to 2017–2018)	Prior budget period 2019–2020	Current financial period ^b 2021	Total ^b outstanding	
80	Lao People’s Democratic Republic	0.0100	15 706	2 034	1 197	18 937	19 230	–	–	(293)	(293)	80
81	Latvia	0.0636	59 239	13 309	7 612	80 160	87 772	–	–	(7 612)	(7 612)	81
82	Lebanon	0.0636	70 574	12 762	7 612	90 948	78 855	–	4 481	7 612	12 093	82
83	Lesotho	0.0100	11 312	2 034	1 197	14 543	–	11 312	2 034	1 197	14 543	83
84	Liberia	0.0100	10 032	2 034	1 197	13 263	1 063	8 969	2 034	1 197	12 200	84
85	Lithuania	0.0961	95 627	19 623	11 498	126 748	138 246	–	–	(11 498)	(11 498)	85
86	Luxembourg	0.0907	164 479	17 977	10 851	193 307	193 307	–	–	–	–	86
87	Madagascar	0.0100	14 819	2 034	1 197	18 050	16 126	–	727	1 197	1 924	87
88	Malawi	0.0100	8 300	2 034	1 197	11 531	–	8 300	2 034	1 197	11 531	88
89	Malaysia	0.4615	548 084	90 985	55 225	694 294	749 519	–	–	(55 225)	(55 225)	89
90	Maldives	0.0100	15 176	2 034	1 197	18 407	18 858	–	–	(451)	(451)	90
91	Mali	0.0100	16 677	2 034	1 197	19 908	20 171	–	–	(263)	(263)	91
92	Malta	0.0230	36 227	4 529	2 753	43 509	46 262	–	–	(2 753)	(2 753)	92
93	Marshall Islands	0.0100	16 478	2 034	1 197	19 709	15 892	585	2 034	1 197	3 816	93
94	Mauritania	0.0100	16 478	2 034	1 197	19 709	8 695	7 783	2 034	1 197	11 014	94
95	Mauritius	0.0149	26 115	3 156	1 781	31 052	32 833	–	–	(1 781)	(1 781)	95
96	Mexico	1.7484	4 069 076	374 150	209 239	4 652 465	4 652 464	–	–	(1)	(1)	96
97	Micronesia (Federated States of)	0.0100	16 478	2 034	1 197	19 709	18 027	–	485	1 197	1 682	97
98	Monaco	0.0149	19 344	2 882	1 781	24 007	24 007	–	–	–	–	98
99	Mongolia	0.0100	16 613	2 034	1 197	19 844	21 040	–	–	(1 196)	(1 196)	99
100	Montenegro	0.0100	11 721	2 034	1 197	14 952	13 121	–	634	1 197	1 831	100
101	Morocco	0.0744	81 685	14 958	8 907	105 550	105 550	–	–	–	–	101
102	Mozambique	0.0100	16 280	2 034	1 197	19 511	20 709	–	–	(1 197)	(1 197)	102
103	Myanmar	0.0135	21 046	2 744	1 619	25 409	27 028	–	–	(1 619)	(1 619)	103
104	Namibia	0.0122	19 686	2 606	1 458	23 750	15 850	3 836	2 606	1 458	7 900	104
105	Nauru	0.0100	16 478	2 034	1 197	19 709	19 709	–	–	–	–	105
106	Nepal	0.0100	15 927	2 034	1 197	19 158	19 159	–	–	–	–	106
107	Netherlands	1.8350	3 994 106	389 388	219 604	4 603 098	4 603 098	–	–	–	–	107

States parties		Contributions assessed					Contributions outstanding					
		2021 scale of assessments (percentage)	Previous budget periods (1996/97 to 2017–2018)	Prior budget period ^a 2019–2020	Current financial period ^a 2021	Total ^a	Collections	Previous budget periods ^c (1996/97 to 2017–2018)	Prior budget period 2019–2020	Current financial period ^b 2021	Total ^b outstanding	
108	New Zealand	0.3938	581 364	76 715	47 127	705 206	752 333	–	–	(47 127)	(47 127)	108
109	Nicaragua	0.0100	15 446	2 034	1 197	18 677	19 717	–	–	(1 040)	(1 040)	109
110	Niger	0.0100	5 535	2 034	1 197	8 766	–	5 535	2 034	1 197	8 766	110
111	Nigeria	0.3383	190 335	63 000	40 487	293 822	162 317	28 017	63 000	40 487	131 504	111
112	Niue ^d	0.0100	11 721	2 034	1 197	14 952	13 031	–	724	1 197	1 921	112
113	North Macedonia	0.0100	17 180	2 034	1 197	20 411	13 315	3 865	2 034	1 197	7 096	113
114	Norway	1.0203	1 780 488	219 931	122 110	2 122 529	2 122 529	–	–	–	–	114
115	Oman	0.1556	186 224	31 287	18 624	236 135	236 134	–	–	–	–	115
116	Pakistan	0.1556	164 512	28 551	18 624	211 687	180 870	–	12 194	18 624	30 818	116
117	Palau	0.0100	16 371	2 034	1 197	19 602	20 125	–	–	(522)	(522)	117
118	Panama	0.0609	51 522	10 845	7 288	69 655	70 475	–	–	(820)	(820)	118
119	Papua New Guinea	0.0135	17 100	2 393	1 619	21 112	14 313	2 787	2 393	1 619	6 799	119
120	Paraguay	0.0217	25 787	4 118	2 591	32 496	43 045	–	–	(10 550)	(10 550)	120
121	Philippines	0.2774	251 239	50 787	33 200	335 226	335 225	–	–	–	–	121
122	Poland	1.0853	1 384 494	225 441	129 884	1 739 819	1 869 703	–	–	(129 884)	(129 884)	122
123	Portugal	0.4736	1 064 360	101 803	56 682	1 222 845	1 279 526	–	–	(56 682)	(56 682)	123
124	Qatar	0.3816	268 423	75 614	45 670	389 707	435 377	–	–	(45 670)	(45 670)	124
125	Republic of Korea	3.0678	4 356 131	590 964	367 140	5 314 235	5 314 237	–	–	–	–	125
126	Republic of Moldova	0.0100	11 525	2 034	1 197	14 756	15 953	–	–	(1 197)	(1 197)	126
127	Romania	0.2679	296 471	52 424	32 066	380 961	413 028	–	–	(32 066)	(32 066)	127
128	Russian Federation	3.2546	4 184 337	753 502	389 489	5 327 328	5 327 328	–	–	–	–	128
129	Saint Kitts and Nevis	0.0100	16 478	2 034	1 197	19 709	13 911	2 567	2 034	1 197	5 798	129
130	Saint Lucia	0.0100	16 478	2 034	1 197	19 709	19 972	–	–	(264)	(264)	130
131	Saint Vincent and the Grenadines	0.0100	16 478	2 034	1 197	19 709	20 169	–	–	(460)	(460)	131
132	Samoa	0.0100	16 478	2 034	1 197	19 709	19 722	–	–	(12)	(12)	132
133	Sao Tome and Principe	0.0100	16 478	2 034	1 197	19 709	94	16 384	2 034	1 197	19 615	133
134	Saudi Arabia	1.5860	1 834 147	318 091	189 805	2 342 043	2 341 963	–	–	80	80	134
135	Senegal	0.0100	17 160	2 034	1 197	20 391	18 404	–	790	1 197	1 987	135

States parties		Contributions assessed					Contributions outstanding				
		2021 scale of assessments (percentage)	Previous budget periods (1996/97 to 2017–2018)	Prior budget period ^a 2019–2020	Current financial period ^a 2021	Total ^a	Collections	Previous budget periods ^c (1996/97 to 2017–2018)	Prior budget period 2019–2020	Current financial period ^b 2021	Total ^b outstanding
136	Serbia	0.0379	75 622	8 232	4 535	88 389	88 389	–	–	–	– 136
137	Seychelles	0.0100	16 613	2 034	1 197	19 844	19 844	–	–	–	– 137
138	Sierra Leone	0.0100	16 478	2 034	1 197	19 709	14 568	1 910	2 034	1 197	5 141 138
139	Singapore	0.6563	806 647	127 905	78 546	1 013 098	1 091 645	–	–	(78 546)	(78 546) 139
140	Slovakia	0.2070	235 535	42 948	24 778	303 261	328 039	–	–	(24 778)	(24 778) 140
141	Slovenia	0.1028	205 308	21 953	12 308	239 569	239 570	–	–	–	– 141
142	Solomon Islands	0.0100	16 083	2 034	1 197	19 314	17 509	–	608	1 197	1 805 142
143	Somalia	0.0100	16 478	2 034	1 197	19 709	94	16 384	2 034	1 197	19 615 143
144	South Africa	0.3681	798 942	87 238	44 050	930 230	930 230	–	–	–	– 144
145	Spain	2.9041	6 414 706	629 599	347 544	7 391 849	7 391 850	–	–	–	– 145
146	Sri Lanka	0.0595	45 162	10 296	7 126	62 584	62 584	–	–	–	– 146
147	State of Palestine	0.0108	3 957	2 118	1 296	7 371	5 204	–	871	1 296	2 167 147
148	Sudan	0.0135	21 364	2 744	1 619	25 727	1 060	20 304	2 744	1 619	24 667 148
149	Suriname	0.0100	16 005	2 034	1 197	19 236	14 147	1 858	2 034	1 197	5 089 149
150	Sweden	1.2260	2 408 586	255 488	146 726	2 810 800	2 810 800	–	–	–	– 150
151	Switzerland	1.5576	1 432 910	314 380	186 404	1 933 694	1 933 694	–	–	–	– 151
152	Thailand	0.4154	253 693	82 065	49 719	385 477	385 477	–	–	–	– 152
153	Timor-Leste	0.0100	6 061	2 034	1 197	9 292	10 481	–	–	(1 189)	(1 189) 153
154	Togo	0.0100	16 545	2 034	1 197	19 776	20 973	–	–	(1 197)	(1 197) 154
155	Tonga	0.0100	16 478	2 034	1 197	19 709	18 783	–	–	926	926 155
156	Trinidad and Tobago	0.0541	71 987	10 157	6 478	88 622	95 100	–	–	(6 478)	(6 478) 156
157	Tunisia	0.0338	72 515	7 272	4 049	83 836	84 940	–	–	(1 104)	(1 104) 157
158	Tuvalu	0.0100	14 126	2 034	1 197	17 357	7 449	6 677	2 034	1 197	9 908 158
159	Uganda	0.0108	17 330	2 333	1 296	20 959	11 005	6 325	2 333	1 296	9 954 159
160	Ukraine	0.0771	183 468	21 938	9 231	214 637	223 868	–	–	(9 231)	(9 231) 160
161	United Kingdom of Great Britain and Northern Ireland	6.1803	13 090 579	1 239 153	739 625	15 069 357	15 808 982	–	–	(739 625)	(739 625) 161
162	United Republic of Tanzania	0.0135	18 333	2 744	1 619	22 696	18 935	–	2 142	1 619	3 761 162

		Contributions assessed					Contributions outstanding				
States parties		2021 scale of assessments (percentage)	Previous budget periods (1996/97 to 2017–2018)	Prior budget period ^a 2019–2020	Current financial period ^a 2021	Total ^a	Collections	Previous budget periods ^c (1996/97 to 2017–2018)	Prior budget period 2019–2020	Current financial period ^b 2021	Total ^b outstanding
163	Uruguay	0.1177	112 591	22 782	14 090	149 463	138 489	–	–	10 974	10 974
164	Vanuatu	0.0100	15 619	2 034	1 197	18 850	19 143	–	–	(293)	(293)
165	Viet Nam	0.1042	67 617	18 532	12 470	98 619	98 619	–	–	–	–
166	Yemen	0.0135	20 990	2 744	1 619	25 353	10 946	10 043	2 744	1 619	14 406
167	Zambia	0.0122	16 677	2 255	1 458	20 390	94	16 583	2 255	1 458	20 296
168	Zimbabwe	0.0100	18 282	2 034	1 197	21 513	2 632	15 650	2 034	1 197	18 881
Total		100.00	171 093 188	20 521 200	12 077 500	203 691 926	207 334 624	317 379	257 734	709 096	1 284 209

Abbreviation: n.a., not applicable.

^a Total subject to rounding differences.

^b Figures in brackets indicate credits being carried forward to 2022 (total: €4,926,911).

^c 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. In total, 10 States parties have not yet paid any contributions towards the budgets of the Tribunal.

^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, 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 2021

	2021
Revenue	
Grants from Nippon Foundation	230 000
Interest revenue	–
Net revenue	230 000
Expenses	
Participants (subsistence allowance, travel and insurance)	125 838
Lecturers (subsistence allowance and travel)	25 120
General administrative expenses	37 347
Obligations	–
Non-refundable taxes	199
Losses on exchange	61
Total expenses	188 566
Surplus for the period	41 434
Assets	
Cash and term deposits	104 639
Accounts receivable	273
Prepaid expenses	13 284
Total assets	117 650
Liabilities	
Accounts payable	2 976
Total liabilities	2 976
Net assets/equity	
(Surplus)/deficit for prior period	131 260
Surrender of (surplus)/deficit	58 020
(Surplus)/deficit for the financial period 2021	41 434
Total net assets/equity	114 674
Total liabilities and net assets/equity	117 650

B. Trust fund for the law of the sea for the period from 1 January to 31 December 2021

	2021
Revenue	
Contributions	45 000
Interest revenue	—
Gains and losses on exchange	—
Net revenue	45 000
Expenses	
Internship programme	8 845
Workshops	—
Bank charges	316
Non-refundable taxes	—
Total expenses	9 161
Surplus for the period	35 839
Assets	
Cash and term deposits	238 465
Accounts receivable	166
Total assets	238 631
Liabilities	
Accounts payable	—
Total liabilities	—
Net assets/equity	
(Surplus)/deficit for prior period	202 792
Surplus for the financial period 2021	35 839
Total net assets/equity	238 631
Total liabilities and net assets/equity	238 631

C. Republic of Korea trust fund for the period from 1 January to 31 December 2021

	2021
Revenue	
Contributions	148 014
Interest revenue	–
Gains and losses on exchange	–
Net revenue	148 014
Expenses	
Tickets (judges)	1 424
Tickets (lecturers)	1 169
Ticket (participants)	–
Accommodation	254
Temporary assistance	2 363
Bank charges	310
Non-refundable taxes	29
Total expenses	5 549
Surplus for the period	142 465
Assets	
Cash and term deposits	304 757
Accounts receivables	9 311
Total assets	314 068
Liabilities	
Accounts payable	–
Total liabilities	–
Net assets/equity	
(Surplus)/deficit for prior period	171 603
Surplus for the financial period 2021	142 465
Total net assets/equity	314 068
Total liabilities and net assets/equity	314 068

Appendix IV

Audit procedures and results of additional audit scope

According to the assignment, we have audited the following aspects of operating procedures in addition to our audit of the financial statements of the International Tribunal for the Law of the Sea, Hamburg, for the financial period from 1 January to 31 December 2021:

(a) Whether the first-time implementation of the International Public Sector Accounting Standards (IPSAS), as of 1 January 2021, was in accordance with those standards;

(b) Whether the expenses incurred during the financial period were in accordance with IPSAS;

(c) 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;

(d) 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;

(e) 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;

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

As part of our audit of the financial statements, the additional procedures set out below have been performed by us:

1. Implementation of the International Public Sector Accounting Standards

We have audited the first-time implementation of IPSAS as of 1 January 2021. We refer also to the explanations in the notes to the financial statements and the financial report in appendix I.

2. Approval of expenses

As instructed, we have audited whether the expenses incurred during the financial period 2020–2021 are in accordance with the appropriations approved by the Meeting of States Parties.

From the approved budget for the financial period 2021 amounting to €12,077,500, a total amount of €8,994,216 was spent against approved budget lines, resulting in savings of €3,083,284 (see appendix I). The overall budget was underspent, with no overexpenditures incurred in the budget lines. We refer also to the explanations in the notes to the financial statements and the financial report in appendix I.

3. 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 matter 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.

4. Procedures for recruiting/engaging staff

In the financial period 2021, 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.

5. 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 the procurement of goods and services were carried out in accordance with the Financial Regulations and Rules of the Tribunal.

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

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

In our opinion, the expenditures for the financial period have been properly included in the statement of income and expenditures and have been charged to the appropriate budget line. The overexpenditures in the financial period could be reasonably explained and were compensated by savings under other budget lines. The equipment acquired during the financial period 2021 is duly registered in the inventory list and is being used as required by the circumstances and the functions of the Tribunal.

7. 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 €230,000 in 2021 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 participations from developing countries in the aforementioned programme. The Nippon Foundation grant was invested in a special bank account.

During the financial period 2021, the sum of €188,566 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 2021, the special bank account of the Nippon Foundation grant showed a balance of €104,639.

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

Trust fund for the law of the sea

Total contributions in the amount of €45,000 were made to the trust fund, as explained in the financial report in appendix III. For the trust fund, a special bank account was set up.

During the financial period 2021, an amount of €8,845 was withdrawn to provide funding for the internship programme of the Tribunal.

As at 31 December 2021, the special bank account showed a balance of €238,645.

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

Republic of Korea trust fund

The Republic of Korea trust fund was established in 2020. Total contributions in the amount of €148,014 were made to the trust fund, as explained in the financial report in appendix III. For the trust fund, a special bank account was set up.

During the financial period 2021, an amount of €5,549 was withdrawn for travel expenses, temporary assistance and bank charges.

As at 31 December 2021, the special bank account showed a balance of €304,757. We also refer to the performance report of the trust fund in appendix III.