

INTERNATIONAL MARITIME ORGANIZATION

**FINANCIAL REPORT AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2022**

REPORT OF THE EXTERNAL AUDITORS



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INTERNATIONAL MARITIME ORGANIZATION

FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

SECRETARY-GENERAL'S STATEMENT

INTRODUCTION

1 In accordance with financial regulation 12.10, I have the honour to submit to the Council, for its examination and onward transmission to the Assembly, the financial statements of the International Maritime Organization (IMO) for the year ended 31 December 2022.

2 The Report of the External Auditors on the audit of the 2022 financial statements, together with their opinion thereon, are also submitted to the Council as prescribed under financial regulation 12.10.

3 The financial statements have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS), as prescribed by financial regulation 11.1, adopted by the Assembly through resolution A.1017(26) effective 1 January 2010, and in line with the United Nations policy that IPSAS be used as the accounting standards by United Nations system organizations.

4 In 1948, an international conference in Geneva adopted a convention formally establishing the Intergovernmental Maritime Consultative Organization (IMCO). The Convention entered into force in 1958 and the Organization came into being in 1959. In 1982, the original name was changed to the International Maritime Organization. The Headquarters of the Organization is in London and its complement is approximately 320 staff members, including project staff, Member States Professionals, and temporary employees. IMO's principal place of business, as well as the names and addresses of its General Counsel, actuary, principal banker, and external auditor are indicated in the annex 1 to these financial statements.

5 Within the meaning of IPSAS, IMO also controls the World Maritime University (WMU) and the IMO International Maritime Law Institute (IMLI), the financial records of which are presented within these financial statements. IMO is not a controlled entity within the meaning of IPSAS, its ultimate decision-making body being its Assembly of 175 Member States, with an elected Council of 40 Member States performing, in accordance with Article 26 of its constitutive Convention, all functions of the Assembly, with the exception of some technical matters, between sessions of the Assembly.

6 The purposes of the Organization, as summarized in Article 1(a) of its Convention, are "to provide machinery for cooperation among Governments in the field of governmental regulation and practices relating to technical matters of all kinds affecting shipping engaged in international trade; to encourage and facilitate the general adoption of the highest practicable standards in matters concerning maritime safety, efficiency of navigation and prevention and control of marine pollution from ships; and to deal with administrative and legal matters related to the purposes set out in this Article".

HIGHLIGHTS OF MARITIME ACTIVITIES IN 2022

7 IMO continues to actively pursue its targets and objectives in a wide range of subject areas, and some of the highlights of 2022 for the Organization are summarized below.

Maritime safety

8 In 2022, the Maritime Safety Committee (MSC) continued its regulatory work and returned to its normal working modus, following the disruptions of the meeting schedule due to the pandemic which had caused a number of meetings, in particular of technical sub-committees, to be cancelled or postponed. The MSC met for its 105th and 106th regular sessions in April and November 2022, respectively, to continue its work as usual.

9 Concerning its ongoing work, the Committee adopted a substantial number of amendments to mandatory and non-mandatory instruments under its remit, including the SOLAS Convention and associated mandatory Codes, as well as the 1978 and 1988 SOLAS Protocols. In particular, the Committee adopted a new SOLAS chapter XV (Safety measures for ships carrying industrial personnel), together with the associated new Code for Industrial Personnel, providing minimum safety standards for ships that carry industrial personnel.

10 Furthermore, among many other things, the Committee continued its audit programme under the Goal-based ship construction standards for bulk carriers and oil tankers (GBS); commenced work on the development of a goal-based instrument regulating maritime autonomous surface ships (MASS), in cooperation with the Legal and Facilitation Committees; considered further measures to enhance the safety of ships relating to the use of oil fuel; adopted recommendatory Model Regulations on Domestic Ferry Safety; adopted a set of amendments and associated guidelines/recommendations/performance standards to complete the work on modernization of the Global Maritime Distress and Safety System (GMDSS); recognized the BeiDou Message Service System (BDMSS) for use in the GMDSS; continued to consider the mandatory use of all recognized mobile satellite services providing services for dissemination of information by MSI and SAR information providers, together with options to address related cost implications; approved a revision of the Guidelines on places of refuge for ships in need of assistance (resolution A.949(23)), for concurrent approval by MEPC and LEG, with a view to adoption by the Assembly (A 33) in 2023; supported the active promotion of the ratification of the 2012 Cape Town Agreement by the Secretariat through multilingual regional webinars and bilateral meetings with Member States; and adopted resolutions aimed at minimizing the impact of the ongoing military conflict between the Russian Federation and Ukraine on international shipping and seafarers (see paragraphs 16 to 18).

11 The Committee also considered and approved a number of proposals for new work items, mainly concerning technical matters, such as improving the safety of pilot transfer arrangements; assisting competent authorities in the implementation of the 2012 Cape Town Agreement; and ensuring the safety of personnel entering enclosed spaces on board ships. A new output of particular importance is the comprehensive review of the STCW Convention and Code, to adapt the instruments to new technical developments in shipping, environmental protection and climate change, and to address issues such as bullying and harassment in the maritime sector, including sexual assault and sexual harassment. The MSC also reiterated its commitment to ensuring the safety of shipping in the wake of new technical solutions and new fuels investigated in pursuance of GHG reduction targets set by IMO. Work on these matters will commence in 2023.

Facilitation of maritime traffic

12 Regarding the work of the Facilitation Committee (FAL) concerning the facilitation of maritime traffic, work to review the Convention on Facilitation of International Maritime Traffic (FAL Convention) was completed at FAL 46 in May 2022 with the adoption of amendments to the Convention which are expected to enter into force on 1 January 2024. The new amendments make maritime single windows for data exchange mandatory in ports around the world, marking a significant step in the acceleration of digitalization in shipping; include lessons learned from the COVID-19 pandemic; and add new and amended Recommended Practices to prevent corruption and illicit activities in the maritime sector.

13 FAL 46 also approved guidelines for the prevention and suppression of the smuggling of wildlife on ships engaged in international maritime traffic which are expected to serve as a tool to combat wildlife trafficking in the maritime sector; approved the outcome of a regulatory scoping exercise which analysed relevant ship safety treaties under the remit of FAL to assess how MASS could be regulated; and approved revised Guidelines for national maritime transport facilitation committees and programmes. The Committee also approved a new output on "Guidelines on Port Community Systems" which will highlight the benefits of PCSs within a trade facilitation framework; facilitate harmonization, standardization and interoperability of different private and public trade and maritime information exchange systems; help Member States to understand differences between PCSs and Maritime Single Windows; and provide baseline information on how to develop a PCS.

14 Concerning digitalization, the FAL Committee approved an update of the IMO Compendium on Facilitation and Electronic Business, including new data sets. By harmonizing the definitions and formats of the data elements required during a port call and by standardizing electronic messages the IMO Compendium facilitates the exchange of information ship to shore and the interoperability of single windows, reducing the administrative burden for ships linked to formalities in ports.

15 To assist Member States in complying with the digitalization requirements, the implementation of two technical cooperation projects on the establishment of maritime single windows is ongoing, i.e., the "Single Window for Facilitation of Trade" (SWiFT) project in Angola, in cooperation with Singapore, and the "World Bank Group/IMO maritime single window for SIDS" in Fiji.

Maritime security

16 In March 2022, following the invasion of Ukraine by the Russian Federation, the IMO Council met in Extraordinary session (C.ES/35) and, among other decisions, requested the IMO committees to consider ways to enhance the efforts of Member States and observer organizations in supporting affected seafarers and commercial ships and consider the implications of this situation for the implementation of the Organization's instruments. In response to this request, and following-up on the ongoing actions undertaken by the Secretary-General to address the situation of shipping and seafarers in the conflict area, MSC 105 (April 2022) further urged him and the Secretariat to continue their efforts regarding the establishment of safe maritime corridors and the safe evacuation of seafarers from the affected area as a priority and adopted resolution MSC.495(105) on *Actions to facilitate the urgent evacuation of seafarers from the war zone area in and around the Black Sea and the Sea of Azov as a result of the Russian Federation aggression against Ukraine*.

17 MSC 106 in November 2022 was updated on the latest developments regarding the successful operation of the Black Sea Grain Initiative (BSGI), an agreement to facilitate the safe navigation of export of grain, foodstuffs and fertilizers from Ukraine. The IMO Secretariat was directly involved in the establishment of the BSGI and seconded staff members to assist with the running of the Joint Coordination Centre in Istanbul. The Secretariat also spearheaded an initiative to allow foreign flag ships stranded in Ukrainian ports to leave the area. Work on this matter is politically sensitive and time-consuming and is continuing in 2023.

18 MSC 106, in particular, encouraged the UN and IMO Secretary-Generals to continue to work on humanitarian efforts to evacuate all stranded ships and seafarers in the conflict area, including efforts to expand the BSGI to other types of ships and additional ports; noted the success to date of the BSGI; and adopted resolution MSC.519(106) on *Member States' obligations in connection with search and rescue services under the SOLAS and SAR Conventions in the context of armed conflicts*.

19 Concerning maritime security, IMO has focused on assisting Member States by increasing and diversifying the capacity-building support on offer. The "Whole of Government" approach to National Maritime Security Committees, Risk Registers and Strategies has been implemented for several Central American countries, introductory Passenger and Baggage Screening and Search training for 11 countries from East Africa and the Red Sea, and security audit and inspection training for countries in North Africa and the Middle East. Further support is currently being provided to an array of countries across East and West Africa and the Western Indian Ocean. New introductory and intermediate Maritime Domain Awareness training packages have been completed ready for rollout. Beyond this, horizon scanning for new capacity-building initiatives is ongoing, including unmanned aerial vehicle security, practical security screening and search training for port security staff. IMO's Global Enhancement of Maritime Security Programme supported countries in enhancing security measures to protect ships and ports from threats posed by terrorism; piracy and armed robbery; smuggling of arms, drugs, and illicit goods; and other illicit activities. The vast majority of technical assistance provided in 2022 was delivered in-person despite ongoing challenges in some countries due to the global pandemic.

20 The Maritime Safety Division is continuing with the implementation of two major EU funded port security projects, supporting Member States in Eastern and Southern Africa, the Indian Ocean and the Red Sea area. These projects are being delivered in partnership with the United Nations Office on Drugs and Crimes (UNODC) and the International Criminal Police Organization (INTERPOL) and deliver across a broad array of maritime security issues.

21 MSD continues to assist Member States with the implementation of the Yaoundé Code of Conduct through the provision of an expert who is currently providing support to the work of the G7++FoGG. With a contribution from the Republic of Korea, IMO is providing HF communication equipment to the Zone F Multinational Coordination Centre in Accra, Ghana (MMCC) and between the other National MOCs of the four countries in Zone F (Cote d'Ivoire, Liberia, Sierra Leone, Guinea). The enhanced data sharing capability will improve operational response to piracy and other criminal activity within the Zone. The installation in the MMCC is now completed and we will start the process for the purchasing the equipment to the MOCs.

22 MSD also continued to support Member States in the Western Indian Ocean and the Gulf of Aden to build capacity to counter piracy and other threats to maritime security through implementation of the Djibouti Code of Conduct, as amended. The main focus has been building sustainable capacities at national and regional levels to prevent a resurgence of piracy and to combat other threats to safety and security of navigation, by addressing the root causes; and promoting the implementation of Best Management Practices for protection against piracy and armed robbery and global counter piracy guidance for companies, masters and seafarers.

Environmental protection

23 In 2022, the Marine Environment Protection Committee (MEPC) progressed the work aimed at supporting the achievement of the objectives set out in the *Initial IMO Strategy on reduction of greenhouse gas (GHG) emissions from ships*. The Committee reaffirmed its commitment to: adopt a revised IMO GHG Strategy, in all its elements, including with a strengthened level of ambition by MEPC 80; continue its work on identifying the candidate GHG reduction measures to be developed in priority as part of a basket of measures consisting of both technical and economic elements by MEPC 80; and undertake a comprehensive impact assessment of the basket of candidate measures ahead of their adoption in accordance with the Work plan and the revised *Procedure for assessing impacts on States*. The MEPC adopted revised resolutions on voluntary cooperation with ports and on national action plans. A series of guidelines were adopted to support the implementation of the short-term measure which entered into force on 1 November 2022, introducing the Energy Efficiency Existing Ship Index; the annual operational carbon intensity indicator rating and an enhanced Ship Energy Efficiency Management Plan.

24 The MEPC made further progress on the polar protection by adopting amendments to the MARPOL annexes to allow States with ports in the Arctic region to enter into regional arrangements for port reception facilities. The MEPC made progress in following up on the Action Plan to address marine plastic litter from ships and in particular, adopted amendments to MARPOL Annex V to make the Garbage Record Book mandatory also for ships of 100 gross tonnage and above and less than 400 gross tonnage, and agreed to develop draft amendments to MARPOL Annex V and associated guidelines to make the marking of fishing gear mandatory, using a goal-based approach. In the context of air pollution prevention, the MEPC adopted amendments to designate the Mediterranean Sea, as a whole, as an Emission Control Area for Sulphur Oxides and particulate matter, under MARPOL Annex VI. The amendment is expected to enter into force on 1 May 2024, with the new sulphur limit taking effect from 1 May 2025. In the context of preventing the spread of invasive aquatic species in ballast water, the MEPC agreed to develop a BWM Convention Review Plan in order to carry out a systematic and evidence-based review of the Convention. The MEPC agreed in principle to the designation of the North-Western Mediterranean Sea as a PSSA, subject to the further development and approval of the proposed associative protective measures.

25 Notwithstanding the identified challenges on ITCP delivery caused by the COVID-19 pandemic, MEPC noted by correspondence, that some 18 technical cooperation activities related to the protection of the marine environment had been implemented by the Marine Environment Division in 2020, under IMO's Integrated Technical Cooperation Programme (ITCP), covering IMO's priority environmental conventions and protocols. Recognizing that these ITCP activities also supported initiatives of other United Nations (UN) organizations/agencies, notably to further strengthen implementation of the UN 2030 Agenda for Sustainable Development and its Sustainable Development Goals (SDGs). MEPC 76 also approved the revised thematic priorities related to the marine environment and endorsed the reinstatement of a dedicated global programme on reducing atmospheric emissions from ships and in ports, and effective implementation of IMO's Initial GHG Strategy, for inclusion under the ITCP for the 2022-2023 biennium.

26 In addition to documenting best practices, work in 2022 included: remote delivery of workshops and seminars, developing training materials on environmental subjects adapted to meet the "new realities", and initiating e-learning packages and home-based consultancies in lieu of planned workshops. In 2021, IMO, together with the World Maritime University (WMU), developed a one-day e-learning introductory course on Oil Pollution Preparedness, Response and Cooperation (OPRC). The e-learning course will be owned and hosted by IMO and can be used to deliver some components of IMO's capacity-building programmes virtually, broadening access to a wider audience. The OPRC e-learning course was launched in early 2022. Moreover, a number of online events were delivered to raise awareness on oil spill preparedness and response matters during a series of GI WACAF webinars.

27 During 2022, IMO was faced with several urgent and highly politicized oil pollution response related matters that required immediate attention and the support of the Organization, notably related to preparedness and response efforts in respect of FSO SAFER off the coast of Yemen.

28 The governing bodies of the London Convention/Protocol (LC/LP) continued their work, to strengthen the implementation of the LC/LP and to increase the membership to the LP. In particular, the governing bodies carried out the first review of the 2016 LP/LC Strategic Plan, and agreed on actions to strengthen the implementation in the period leading up to the next review in 2026. In addition, the Contracting Parties to the LP adopted an amendment to remove sewage sludge as a permissible waste, by way of amendment to Annexes 1 and 2 of the London Protocol. The amendment entered into force on 15 January 2023. 2022 was also the fiftieth anniversary since the adoption of the London Convention, and to commemorate this a joint academic conference was organized with WMU from 11 to 13 October 2022.

29 Supporting the work of IMO on environmental matters, the Joint Group of Experts on the Scientific Aspects of Marine Environmental Protection (GESAMP), for which IMO acts as the Secretariat, continued its work in nine dedicated working groups, including the initiation of the second phase of the Working Group on Sea-Based Sources of Marine Litter (co-sponsored by IMO, FAO and UNEP). The forty-ninth annual session of GESAMP was hosted at IMO headquarters in September.

Legal matters

30 At its 127th session, following the recommendation of the Working Group on Council Reform, the Council approved the amendments to the Organization and method of work of the Council. The Council decided that, in principle, some IMO meetings, or parts thereof, should be live-streamed to the public. Moreover, the Council decided to develop criteria and procedures for the live stream of the meetings. The Council also endorsed the establishment of the Joint ILO/IMO Tripartite Working Group (JTWG) to identify and address seafarers' issues and the human element. In this context, the Council appointed the following Governments as IMO representatives to the JTWG for the two respective tasks, as follows:

1. for the task concerning the guidelines for port State and flag State authorities on how to deal with seafarer abandonment cases: Argentina, France, India, Indonesia, Kenya, Marshall Islands, Philippines, and the United Kingdom; and
2. for the task concerning bullying and harassment in the maritime sector, including sexual assault and sexual harassment: Bahamas, France, Panama, Philippines, South Africa, Sweden, Thailand, and the United States.

31 The Legal Affairs Office also facilitated the 109th session of the Legal Committee, held in March 2022. Among other matters, the Committee considered abandonment of seafarers, advice and guidance in connection with the implementation of IMO instruments, measures to prevent unlawful practices associated with the fraudulent registration and fraudulent registries of ships, piracy, and promotion of the entry into force of the 2010 HNS Convention. The Committee added to its agenda two new outputs on "Development of guidance for the proper implementation and application of IMO liability and compensation conventions" and "Measures to address Maritime Autonomous Surface Ships (MASS) in the instruments under the purview of the Legal Committee".

32 The Legal Affairs Office (LAO) continued to deliver, together with the Global Initiative for Southeast Asia Project, assistance to eight Member States of the Association of Southeast Asian Nations (Brunei, Cambodia, Indonesia, Lao People's Democratic Republic, Malaysia, Philippines, Thailand, and Viet Nam) on the effective implementation of IMO conventions relating to oil pollution and liability and compensation and their incorporation into their domestic legislation. The activity was delivered with the assistance of the Marine Environment Division (MED), the International Oil Pollution Compensation Funds, and the International Group of Protection and Indemnity Associations (P & I Clubs). It took place remotely over a year and ended in November 2022. It was aimed at providing policymakers, drafters, and legislative advisers with a deeper understanding of the underlying principles and objectives of the conventions, as well as guiding them on the legislative mechanisms that ought to be applied when developing and updating national legislation. LAO, together with TCD, MED, the Secretariat of the Pacific Regional Environment Programme, and the Pacific Community, delivered the second phase of a regional workshop on the ratification and effective implementation of conventions relating to oil spill response, and liability and compensation for 14 Pacific countries (Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Marshall Islands (the Republic of), Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu). LAO delivered, together with MED, a national workshop on the International Convention on the Control of Harmful Anti-Fouling Systems on Ships, 2001 for Albania. The workshop aimed at familiarizing the country with the AFS Convention and related guidance, and providing the necessary knowledge and information to encourage effective implementation in the national legislation and enforcement by the relevant authorities of Albania. Moreover, LAO, together with MED, is assisting Kenya in reviewing its national legislation implementing MARPOL and drafting the relevant updates to its Merchant Shipping Act and relevant regulations implementing Annexes I to V of MARPOL. The drafting is

undertaken by maritime lawyers and legislative drafters and reviewed by LAO and a team of consultants. The same activity is undertaken under the IMO-Norway GreenVoyage2050 Project for the implementation of MARPOL Annex VI.

33 The Legal Affairs Office organized a seminar to commemorate the fortieth anniversary of the adoption of the United Nations Convention on the Law of the Sea which aimed at highlighting a harmonious coexistence between IMO and the Law of the Sea.

34 The Legal Affairs Office also finalized the first phase of the reform of the internal justice system in close cooperation with other UN specialized agencies and with the UN Office of the Administration of Justice.

35 Moreover, the Legal Affairs office provided numerous legal advice to the Secretariat, Member States, the Council, Committees, and Sub-Committees. The depositary processed more than 100 depositary actions by Member States in 2022, representing a typical workload for the depositary staff.

36 The External Relations Office assisted the first Intersessional Council Working Group on the new applications of NGOs Furthermore a new procedure to bring more clarity and transparency to the application process of IGOs put in place following the approval of the procedure at A32.

Outreach

37 IMO's public-facing visibility continued apace. The Russian Federation's invasion of Ukraine and its impact on shipping was a focus of media queries and IMO's related Council and Maritime Safety Committee decisions were publicized. IMO's support for the Black Sea Grain Initiative was promoted. IMO's work on greenhouse gas emission reduction was a key focus of interest from the media and was promoted throughout the year, including the outcomes of the MEPC and intersessional working groups; the entry into force of new carbon intensity regulations; and the work to support Member States including workshops, conferences and other events under the various global projects; the Second IMO Symposium on low- and zero-carbon fuels for shipping; and the IMO-UNEP-Norway Innovation Forum. The outcomes of all IMO bodies including the Council, Assembly, Committees, and Sub-Committees were all communicated to the media and via the IMO website.

38 Seafarer matters were highlighted. The IMO Twitter feed for the Day of the Seafarer celebration on 25 June 2022 under the theme "Your voyage - then and now, share your journey," had millions of impressions worldwide. Seafarers were invited to share their seafarer journey (with then and now photos) on social media platforms, reaching thousands of people. IMO's followers on Facebook, Twitter, LinkedIn, and Instagram continue to grow. Video production improved in both quantity and quality, and the IMO YouTube channel continues to be populated with quality productions. Many IMO Goodwill Maritime Ambassadors (IMOGMAs) continued their outreach work to attract young people to the maritime professions. The first-ever International Day for Women in Maritime on 18 May 2022 was publicized and related social media posts were the top performing in terms of reach in 2022.

39 For the annual World Maritime Day celebration, IMO hosted the IMO-UNEP-Norway Innovation Forum, a two-day hybrid event that took place at IMO Headquarters and virtually, which focused on the need for inclusive innovation to support the transition of the maritime sector towards decarbonization, in line with the year's theme "New technologies for greener shipping", and the Secretary-General held his traditional evening reception. Furthermore, the IMO building and other landmarks around the world were illuminated in blue and green as a symbolic effort to unite the maritime community in raising awareness of the vital contribution

of shipping to the world. The World Maritime Day Parallel Event was successfully hosted by the Government of the Republic of South Africa in Durban.

40 The IMO Awards Ceremony, featuring the presentation of the International Maritime Prize and the IMO Award for Exceptional Bravery at Sea, was held at IMO Headquarters and a special tribute to Mr. William O'Neil, IMO Secretary-General Emeritus, took place at the beginning of the ceremony.

41 ERO coordinated 72 in-person group visits in 2022, comprising 1,088 students and officials.

42 The Maritime Knowledge Centre (MKC) continued to increase its global reach and dissemination of unique IMO content while delivering services and content to its core users and international audience of researchers in its digital and physical spaces.

43 The MKC's ongoing cooperation with UN Libraries and the collaborative buying power of the UNSEIAC (United Nations System Electronic Information Acquisitions Consortium) continues to ensure remote access to a wide variety of key electronic resources and delivery of core digital content beyond MKC's usual budgetary capabilities. The MKC maintains its Intranet site for information relating to on-site and remote access to electronic subscription resources for Secretariat staff.

44 The MKC provided significant research assistance on matters related to IMO and its documentation. Throughout the year, MKC staff continued to digitize unique IMO content for access and visibility via the MKC Internet site. MKC staff digitized *travaux préparatoires* of the 1974 SOLAS and 1973 MARPOL conferences and maintained the Index of IMO Resolutions.

45 The MKC's Internet also provides access to IMO content for a wide variety of users and is a starting point for research in areas reflecting the work of the Organization. The MKC's digital Current Awareness Bulletin continues to increase subscribers and Research Guides content has have been developed and expanded.

46 In addition to welcoming international researchers visiting to use its special collections on-site, the MKC resumed hosting interns, providing research assistance, and coordinating their access to information resources during their internships. The MKC also regularly welcomes participants of in-person group visits coordinated by ERO.

Technical Cooperation

47 IMO continues to provide technical assistance to its Member States, particularly developing countries, to enhance the implementation and enforcement of IMO instruments. Technical assistance is funded through both the TC Fund and extrabudgetary resources and is enhanced through the formal partnership agreements that the Organization has reached with many of its Member States and various international and regional organizations. The year 2022 marked a gradual but steady return to pre-COVID-19 pandemic technical cooperation activities' implementation levels for IMO. Although the pandemic continued to impact the technical cooperation work of the Organization during the early part of the year, near normal implementation levels were recorded in the later part of the year. The technical cooperation activities were delivered in both remote and physical forms during 2022.

48 During 2022, IMO's technical cooperation work, which operated within a framework of the Integrated Technical Cooperation Programme (ITCP) regional and global programmes, as well as thematic long-term projects (see paragraphs 49 to 51 below), aimed at assisting Member States to implement IMO instruments and supporting institutional capacity-building. This included inter alia training at the national, regional and global levels, provision of

fellowships, conduct of needs assessments, gender-specific training for women in the maritime sector in the developing countries, and support to the Seafarer Crisis Action Team (SCAT) dealing with COVID-19 pandemic and the Black Sea and the Sea of Azov related issues. Strategic work included: developing training material, e-learning, and online learning programmes.

49 In 2022, within the framework of the ITCP, 198 activities were delivered out of a total of 277 programmed activities, a delivery rate of 71%. This is an upsurge in activities delivered, in comparison to 2021 which was impacted by the COVID-19 pandemic, when 102 activities were delivered out of 202 programmed, a delivery rate of 50%. It should also be noted that an additional 18 activities were ongoing at the end of 2022, which, when added to those completed during the year, bring the total delivery to 216 out of 277, or 78%. Also, within the framework of the ITCP, IMO funded a total of 215 fellowships in the maritime field in 2022, 38 more than the 117 fellows funded in 2021. Additionally, approximately 2,000 persons worldwide were trained through attendance at national and regional training workshops and seminars, a slight increase from the 1,592 trained in 2021. A further 552 senior officials attended events in 2022 aimed at developing and harmonizing regional strategies on maritime technical issues, a small increase from the 531 recorded in 2021. This figure is in addition to the number of persons trained through the regular training courses listed above.

50 Details of the Organization's technical cooperation work in 2022 were reported to the seventy-second session of the Technical Cooperation Committee (TC 72) which was held in a hybrid modality in October 2022 (document TC 72/16). The Committee was also inter alia informed of the activities delivered through the ITCP's Women in Maritime global programme as part of IMO's efforts to enhance the participation of women in the maritime sector and facilitate the achievement of Sustainable Development Goal 5 of the UN 2030 Agenda on Sustainable Development. It was also informed of the activities which took place in May 2022 to celebrate the first IMO International Day for Women in Maritime. The Committee endorsed a proposal to institutionalize an IMO Gender Award for those who contribute to the enhancement of women in the maritime sector, which proposal was subsequently submitted to and approved by the Council. With regard to the IMO Regional Presence Scheme, the Committee agreed to the establishment of a new IMO Regional Presence Office in Egypt for the Arab States in the Middle East and North Africa (MENA) region.

51 The wide range of technical assistance activities delivered by the Organization underlines the important role that technical cooperation plays in the work of IMO to facilitate the implementation of its regulatory instruments and has now become increasingly important in assisting Member States with their post-COVID-19 recovery.

Partnership and Projects

52 In 2022, DPP mobilized \$31 million for the four projects/forum below, bringing the total XB portfolio of proposals for ongoing long-term projects to around \$89 million.

- (1) GMN Phase II: \$11,337,410
- (2) Innovation Forum: \$350,000
- (3) Blue-Solution: \$17,000,000
- (4) GloNoise Partnership: \$2,000,000

53 DPP has developed two (2) new partnerships, including IMO-UNESCAP partnership agreement, IMO-Commonwealth Secretariat partnership agreement.

54 DPP has also made significant progress in delivering results from current projects as follows:

Climate Change and GHG related

- (1) The preparatory phase of the Blue Solutions project, an ambitious Asia Maritime Transport Emissions project that aims to support East and South-East Asian countries in identifying opportunities to prevent and reduce transport emissions, was submitted for approval to the International Climate Initiative (IKI) of the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety of Germany (BMU). The full-size project, once approved, will target the reduction of GHG and other pollutant emissions from ships within ports, and from hinterland transport through energy efficiency improvements, optimized processes and innovative technologies (blue solutions).
- (2) IMO-RoK GHG SMART Programme supports SIDS and LDCs with the implementation of the IMO GHG Strategy via building sufficient human capacity in these countries. This includes the development of a comprehensive training programme and post-training monitoring, evaluation, and refinement. The 2022 GHG SMART Practical Training and Study Visit was held from 19 to 23 September 2022 in Busan, Republic of Korea.
- (3) GMN - The Global MTCC Network completed its Phase I project after six years, with the establishment of five Maritime Technology Cooperation Centres (MTCCs) in the Global MTCC Network (GMN), 10 pilot demonstration projects, and over 90 workshops and conferences.
- (4) IMO-Norway GreenVoyage2050 has continued its support to countries in the development of National Action Plans (NAPs) and the drafting of legislation to incorporate MARPOL Annex VI into national law, accelerated its work on several pilot project proposals, and released through its GIA several new online resources to support the industry in addressing emissions from ships.
- (5) IMO Coordinated Actions to Reduce Emissions from Shipping (IMO CARES) Foundation Project funded by Kingdom of Saudi Arabia supports coordination to accelerate demonstration of green technologies and their deployment globally in a manner that facilitates blue economic growth in developing regions.
- (6) The second IMO-UNEP-Norway Innovation Forum (Innovation 2022) provided a global platform aimed at championing innovation to accelerate the transition of the marine sector towards a zero- and low-emission future and focused on addressing the specific needs of developing countries, especially Least Developed Countries (LDCs) and Small Island Developing States (SIDS).

Other Marine Environment related

- (7) The GEF-UNDP-IMO GloFouling Partnerships Project is a global initiative bringing together key partners to respond to a global environmental problem, namely Invasive Aquatic Species (IAS) introduced via biofouling. The Project fosters an intervention in 12 beneficiary countries and 14 partnering countries in 6 regions at multiple levels: driving legal, policy and institutional reforms in countries to implement the IMO Biofouling Guidelines; developing capacity to enact a national policy; and bringing in active private sector participation to identify effective solutions and technologies to deal with biofouling. The project also looks at GHG emissions resulting from biofouling on ships.
- (8) The "Accelerating Transfer of Environmentally sound Technologies through demonstration pilots to reduce biofouling and related emissions" (TEST Biofouling) Project will assist developing countries to build their knowledge on control and management of biofouling and showcase effective approaches to biofouling management and the mitigation of environmental risks associated with the transfer of Invasive Aquatic Species (IAS) through biofouling by means of demonstration projects at both regional and country level. The project has a duration of 4 years (Jan 2022-Dec 2025) and a contribution of approximately US\$ 4 million.
- (9) GloLitter has been working with the Lead Partnering Countries (LPCs) on finalizing National Action Plans (NAPs) to ensure that the implementation of priorities identified in NAPs starts in early 2023. The NAP activities prioritize actions to address Sea-Based Marine Plastic Litter (SBMPL) on national level in accordance with MARPOL Annex V, London Protocol, and IMO Action Plan to address marine plastic litter from ships. Finalization of NAPs will allow countries to proceed with twinning arrangements with Partner Countries (PCs) in their regions, working together on common issues related to marine plastic litter with the support from the GloLitter project.
- (10) The IMO-Norad (Norwegian Agency for Development Cooperation) Marine Environment Protection of the South-East Asian Seas (MEPSEAS) project is in the final year of its implementation. It is focusing on trialling the Port State Control (PSC) and Flag State Inspection (FSI) procedures which each participating country developed during the national level compliance monitoring and enforcement workshops held in the last quarter of 2021. The project held a High-Level Regional Meeting and a Regional Technical Conference in 2022.
- (11) Preparations are under way to commission SENSREC Phase III. There will be an IMO mission to Dhaka, Bangladesh in April 2023 to discuss the commissioning of SENSREC Phase III, an early ratification of the Hong Kong Convention and details of the feasibility study for the Treatment, Storage and Disposal Facility (TSDF) led by JICA.

55 DPP made full use of Global Industry Alliance (GIA) initiative to partner with all maritime industries in finding solutions to the most pressing environmental issues. After Low Carbon GIA, the GIA for Marine Biosafety, a third GIA for GloLitter was launched in 2022.

56 Four issues of IMO TC partnership newsletter were released with an aim to showcase IMO's technical cooperation and providing a cross section of the Organizations' partnership and project work to a broader base of readers including official development assistance (ODA) contacts via the National Knowledge Partnership Officers (NKPOs).

Member State Audit and Implementation Support

57 In 2022, various components of the IMO Member State Audit Scheme (IMSAS) have progressed with continuation of audits under the overall audit schedule, using both on-site and remote audit mechanism, based on the endorsement by the Council, in 2021, of a comprehensive proposal by the Secretariat on the introduction of a remote audit mechanism, as an interim measure during the COVID-19 pandemic; and continuation of audit follow up activities, at a reduced pace due to limitation of the Secretariat resources, including comprehensive data analysis;. Remote audits were conducted according to the existing *Framework and procedures for the IMO Member State Audit Scheme*, without discarding the possibility of on-site audits and taking into account the specific circumstances in Member States to be audited. An updated overall audit schedule was submitted to each session of the Council.

58 With the support to the continuous work of correspondence and working groups under the Sub-Committee on Implementation of IMO Instruments, the work on preparation of four Assembly resolutions on Survey Guidelines under the Harmonized System of Survey and Certification; Guidance on Assessments and Applications of Remote Surveys, ISM Code audits and ISPS Code Verifications; Procedures for Port State Control; and Non-exhaustive list of obligations under instruments relevant to the IMO Instruments Implementation Code were being developed, for finalization and submission to the Assembly for adoption, in 2023.

59 Comprehensive outreach activities were carried out within the context of the cooperation with FAO and ILO to fight against Illegal, Unreported, Unregulated Fishing, and supporting the fulfilment of the entry into force criteria of the Cape Town Agreement by 11 October 2022, as well as for lecturing on matters related to IMSAS, PSC, casualty investigation and the monitoring of recognized organizations. Capacity-building activities, including the development of e-learning capabilities in the fields of IMSAS auditors training and casualty investigation, were implemented.

60 Among other things, the MSA&IS Department covered allocated tasks associated with the Secretariat's involvement in the oversight of the management of the two IMO number schemes - for ships, and company and registered owner; the implementation of quality systems within the framework of IACS (QSCS and IQARB); coordination among data systems, e.g. GISIS, EQUASIS and EMCIP; and external partnership in the fields of marine casualty statistics and trend analysis and fishing vessel safety (e.g. Fisher Project).

STRATEGIC PLAN FOR 2018 – 2023

61 In 2017, the work on the development of a new Strategic Plan had been finalized with the adoption of the *Strategic Plan for the six-year period 2018 to 2023* by the Assembly in December 2017 (A.1110(29)), including the first-ever Vision Statement for the Organization, seven new focused strategic directions with corresponding performance indicators, as well as overarching principles that should be taken into account in all of the Organization's work. In December 2021, the Assembly adopted a revised *Strategic Plan for the six-year period 2018 to 2023* (A.1149(32)), which now includes a new strategic direction on the human element, including a reference to gender equality.

62 The vision of IMO for the period 2018 to 2023 is as follows:

- IMO will uphold its leadership role as the global regulator of shipping, promote greater recognition of the sector's importance and enable the advancement of shipping, while addressing the challenges of continuing developments in technology and world trade and the need to meet the 2030 Agenda for Sustainable Development.
- To achieve this, IMO will focus on the review, development and implementation of and compliance with IMO instruments in its pursuit to proactively identify, analyse and address emerging issues and support Member States in their implementation of the 2030 Agenda for Sustainable Development.

63 As IMO continues to carry out its work, the following strategic directions set out the areas of particular focus for the period 2018 to 2023:

- SD 1: Improve implementation
- SD 2: Integrate new and advancing technologies in the regulatory framework
- SD 3: Respond to climate change
- SD 4: Engage in ocean governance
- SD 5: Enhance global facilitation and security of international trade
- SD 6: Address the human element
- SD 7: Ensure regulatory effectiveness
- SD 8: Ensure organizational effectiveness

64 In 2022, the Council has commenced that development of the Strategic Plan for the six-year period 2024 to 2029, which will be adopted at the thirty-third session of the Assembly in December 2023.

FINANCIAL MANAGEMENT

Risk

65 At its 100th session in June 2008, the Council approved the Organization's Risk Management Framework (RMF), consisting of a Risk Management Policy, Risk Management Definitions and a Risk Management Process. It requested the Secretariat to apply the RMF to the strategic directions and high-level actions falling under the Secretary-General's responsibility as well as to the Secretariat-related key objectives for 2009. A similar exercise has been conducted periodically since that time; the results being reported to the Council. However, at its 112th and 113th sessions in 2014, the Council decided that the RMF should only be applied to the Secretariat's Business Plan and subsequently approved the revised RMF for future iterations of the Secretariat's risk management exercise.

66 In addition to the RMF, IMO has an established framework of internal controls, including internal oversight, designed to maximize the effective and efficient use of its resources and safeguard its assets.

Governance

67 The Organization's governance is provided through the Assembly and the Council and is defined in the IMO Convention. The key management personnel of IMO consist of the Secretary-General and six Divisional Directors and two Departmental Head/Chief. The key management personnel of WMU and IMLI consists of the President and Director, respectively. Related party disclosures in line with IPSAS requirements are accordingly included in the notes to the financial statements. The Council is responsible for providing intergovernmental support and specific policy direction to, and supervision of, the activities of IMO. In view of its State-membership composition, the Council is not considered a related party as defined by IPSAS.

Funding

68 IMO's activities are mainly funded by assessed contributions on its Member States and Associate Members. Voluntary contributions from Member States, governmental agencies, intergovernmental bodies and other public, private and non-governmental sources may support financially certain activities of the Organization, the finances of which may receive further support through commercial activities (including the sale of publications and catering and conference services); and through miscellaneous revenue (including interest on financial assets). Indirect support cost income, earned through third-party agreements with donors, is also used to fund activities provided for in the regular budget. IMO is in good financial health with adequate resources to meet its mandated activities.

Sustainability

69 In considering the Organization's financial sustainability, an evaluation of the consequences of any significant delays or defaults in payments from Member States or any reductions in contributions from donors in the context of the recent known market volatility has been made, and a review was also made to determine whether there could be a consequential reduction in the scale of operations and/or the delivery of the Strategic Plan, the High-level Action Plan and the Divisional Business Objectives. Having considered IMO's projected activities and the corresponding risks, a determination has been made to note that the Organization has adequate resources to continue to operate in the medium term. Overall, based on operating assumptions and known risks and mitigations, the Organization will continue as a "going concern" in the context of preparing IMO's financial statements.

70 The assertion above is supported by: i) the budget approved by the Assembly for the 2020-2021 biennium; ii) the scope and content of the Strategic Plan prepared for the period 2018-2023; iii) the net assets held at the end of the 2021 financial period; iv) the high level of collections of the assessed contribution of over 95% for the past 10 years; and v) the trend in donor support that has been sustaining IMO's mandate, including delivery of technical cooperation work, as determined by the Council and Assembly.

FINANCIAL AND BUDGET PERFORMANCE HIGHLIGHTS

71 The Organization continues to adapt and focus on the effective implementation of its programmatic activities. Below are the highlights of the financial outcomes for 2022.

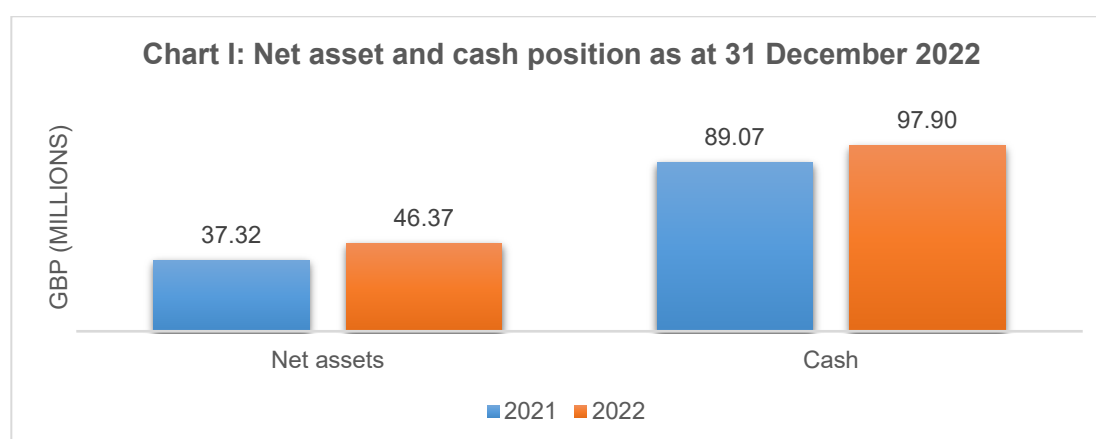
Financial analysis

72 The financial ratios for 2022 and 2021 as summarized below indicate a healthy overall financial position for IMO in terms of solvency and liquidity. The ratios for assets over liabilities are high, which are good indicators of solvency, i.e., the ability of the Organization to pay off both its current and long-term liabilities. The cash ratio is very high as well reflecting the fact that cash and cash equivalents accounted for 91.95% of the total assets and indicating that there are adequate current liquid assets to cover the current liabilities.

Description	2022	2021
Current Ratio - Current assets: current liabilities	13.79	14.02
Total assets: Total liabilities	1.77	1.65
Cash Ratio - Cash and short-term investments: current liabilities	12.87	13.29
Quick Ratio - Cash, short-term investments, and receivables: current liabilities	13.01	13.44

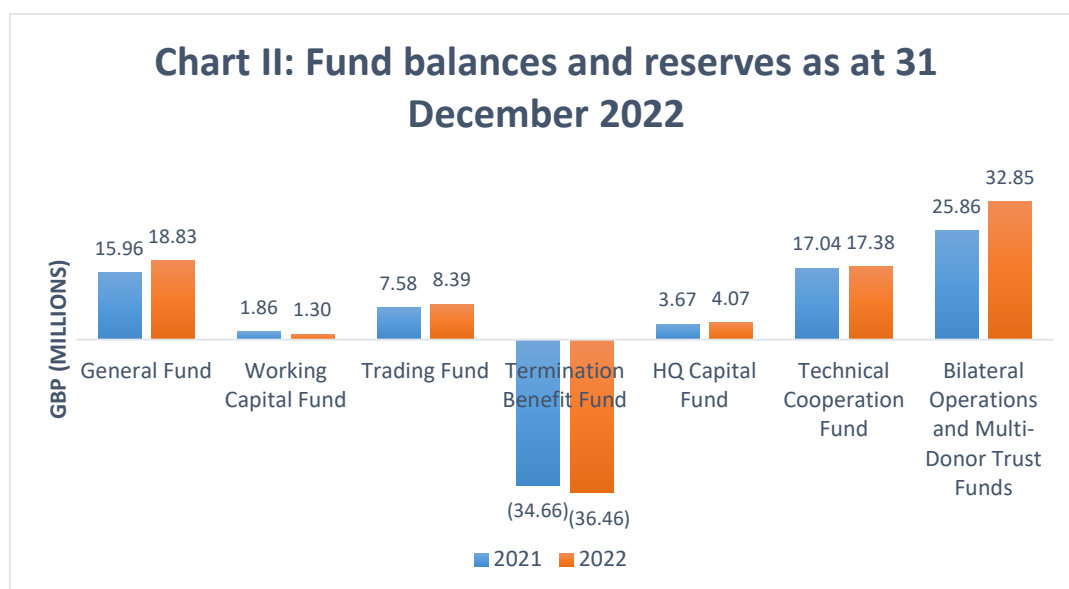
73 Cash and cash equivalents increased by £8.83 million in 2022, which was mainly generated by cash receipts from bilateral operations and multi-trust fund activities, advance receipts from Member States on their assessments for 2023, and the result of higher revenue from commercial activities.

74 The closing net asset position of £46.37 million (2021: £37.32 million) is presented in Statement I and in Chart I below. It represents the fund balances for the Organization as a whole. The net asset position increased by £9.05 million (2021: £10.32 million), representing the combined effect of the net operating surplus of £5.55 million, and the currency exchange gain of £3.49 million.



75 It should be noted that the funds available to the Organization for future use are not without restrictions. Of the overall closing balance of £46.37 million (2021: £37.32 million), 70.85% or £32.85 million (2021: £25.86 million) relates to multi-donor trust funds and bilateral agreements with donors, as shown in the below chart. The utilization of these funds is restricted by the Terms of Reference of the fund concerned and the contractual agreement with the donor. Note 2.13 in the financial statements provides further details of the fund balances by major funds.

76 Chart II highlights that the General Fund, Working Capital Fund, Headquarters Capital Fund, and Technical Cooperation Fund are all in a relatively strong financial position. Much of the surplus in the Trading Fund will, in due course, be transferred to the Technical Cooperation Fund in accordance with Assembly Resolution A.1112(30). The large deficit under the Termination Benefit Fund of £36.46 million (2021: £34.66 million) accounted for the unfunded long-term liability of the After Service Health Insurance (ASHI) which stands at £44.60 million as at 31 December 2022 (2021: £42.56 million). The actuarial valuation of the employee benefits liability is conducted every two years, the most recent revaluation was undertaken on 31 December 2021. Also, the Assembly has set aside funds of £9.23 million to meet these liabilities through various Assembly Resolutions, however, the majority of these liabilities remains unfunded.



77 The increase in current assets of £10.95 million is mostly due to the increase in cash and cash equivalent (£8.83 million) as discussed above. A further £1.49 million is attributable to other receivables mainly due to a delay in the recovery of taxes from the host government and to prepaid fellowships for WMU and IMLI.

78 The total value of property plant and equipment, and intangible assets has increased by £0.83 million to £1.55 million (2021: £0.72 million). The increase during the year is due to the upgrade of the conference equipment.

79 Current liabilities increased by £0.91 million to £7.61 million (2021: £6.70 million). The increase is mostly attributable to higher contributions received in advance from Member States offset by the recognition of donor-related revenue that was previously deferred, due to conditions that were satisfied in 2022.

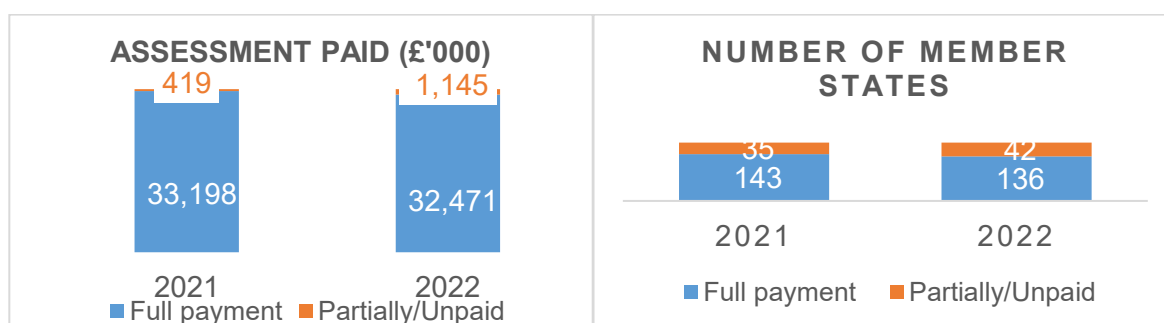
80 Liabilities relating to employee benefits are mainly for post-employment obligations for After Service Health Insurance (ASHI), repatriation benefits, and accrued annual leave. These liabilities were subject to actuarial revaluation on 31 December 2021, an exercise the Organization conducts every two years. Long-term employee benefits increased to £52.49 million (2021: £50.66 million), this increase is mostly attributed to after-service health insurance. The next actuarial valuation will be carried out as at 31 December 2023.

81 The main sources of revenue at IMO are assessed contributions, donor voluntary contributions, and revenue from commercial activities. Assessed contributions from Member States make up 53.43% (2021: 58.74%) of total revenue, followed by commercial activities at 24.00% (2021: 22.39%), donor voluntary contributions at 20.92% (2021: 18.44%), and other revenue at 1.65% (2021: 0.43%).

82 Overall, total revenue for 2022 was £62.91 million, a net improvement of £5.68 million or 9.92% from 2021 (£57.23 million). This increase is due to several factors as detailed below:

83 The assessed contribution revenue represents the total assessments for the year as approved by the Assembly at its thirty-first session. The assessment collection rate during the years remains relatively stable with 97.16% and 99.27% of the assessed contributions for 2022 and 2021, respectively. The chart below shows further analysis on the amount and number of Member States with full payment for 2022 and 2021.

Chart III: Status of assessment collections



84 Donor contributions increased by 24.68% to £13.16 million (2021: £10.56 million). Revenue from donors is recognized on the signature of the donor agreement, and for agreements with conditions, when these conditions are met. It usually fluctuates from year to year due to the timing of contributions and the discharge of obligations for agreements with specified conditions.

85 Revenue from commercial activities increased by 17.84% to £15.10 million (2021: £12.81 million) due mainly to publication sales and from assessment, membership, and verification audit fees.

86 Other revenue increased in 2022 to £1.04 million (2021: £0.25 million). This increase is mostly due to an improvement in interest rates and revenue earned from investments.

87 Total operating expenses for 2022 amounted to £57.36 million compared with £49.29 million in 2021, a net increase of £8.07 million (16.37%). This increase in the total operating expenses is the net effect of: increased spend on travel, training and development activities due to the easing of COVID-19 restrictions; and higher staff and other personnel costs, mainly due to higher USD exchange rates and increased spend on consultants and meeting personnel.

88 The overall financial performance increased by £1.04 million from £8.01 in 2021 to £9.05 million in 2022. The increase is the combined effect of the increase in total revenue by £5.68 million, the increase of total expenses by £8.07 million, as well as the increase in the currency exchange gain by £3.43 million.

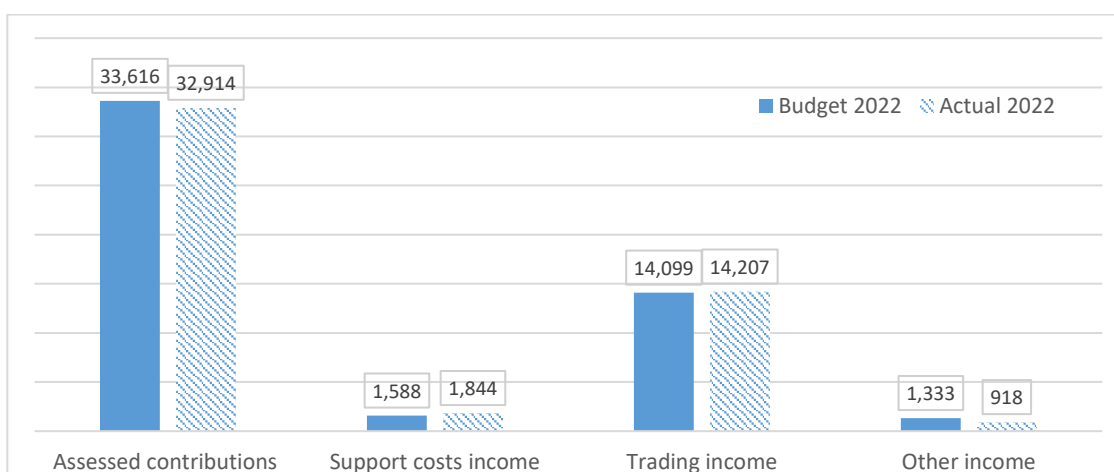
89 It should be noted that the financial performance of revenue and expenses reflected in Statement II (Statement of Financial Performance) is presented on an IPSAS accrual basis and thus is different in its measurement and accounting from the budgetary performance of receipts and payments reflected in Statement V(a) which is prepared on a modified cash/accrual basis. For example, the budget is prepared to reflect the purchase of new property, plant and equipment rather than the depreciation charge over their useful life. Similarly, the budget approved by the Assembly does not cover extrabudgetary or donor funds, while the financial statements cover the entirety of the Organization's financial position and performance. The difference in amounts between the two statements is reconciled to the cash flow statement (Statement IV), that reconciliation is provided in Note 5 to the Financial Statements. For instance, the assessed contribution (i.e., invoiced amounts of £33.62 million) for the year is recognized in full as revenue in Statement II, whereas actual amounts received, including those related to assessments for prior years (£32.91 million) are shown as Actual in Statement V(a). Likewise, while expense in Statement II includes £0.49 million (2021: £0.68 million) for depreciation and amortization on an accrual basis, is not included in Statement V(a) which includes the cost of purchased assets instead.

Budget performance

90 The thirty-second session of the Assembly held in December 2021 adopted resolution A.1148(32) on the Results-Based budget for the 2022-2023 biennium, in which it approved the budget for the financial periods 2022 and 2023 for the Organization's core funds. This included an appropriation for 2022 of £53,305,000 to be funded in part through projected income of £51,995,000. In addition, regular budgetary transfers related to committed expenditure were also carried forward. Following these transfers, the final appropriation for 2022 was £56,773,979.

91 The Organization's major sources of budgeted income are shown in the chart below, which shows actual performance in 2022 compared to the final budget figure - donor and extra-budgetary contributions do not fall under the budgetary approval process and so are not included in these figures.

Chart IV: Budget income against actual Income by type (in £'000)



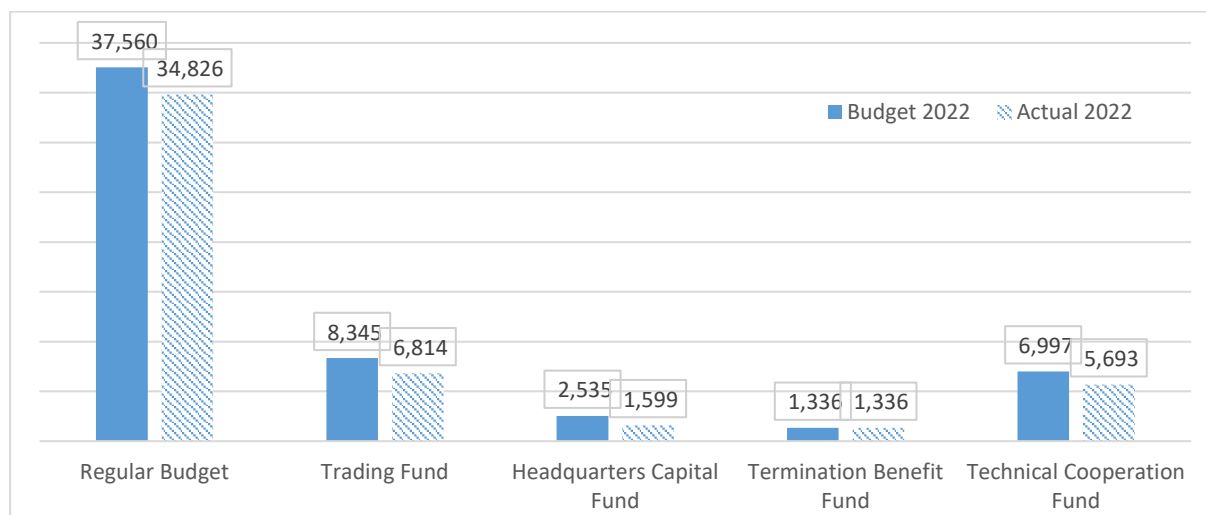
92 The assessed contribution for 2022 was £33.62 million, of which £32.66 million was collected, a 97.16% rate. In addition, £0.25 million was received towards the settlement of arrears from prior years, giving a total collections figure of £32.91 million. Overall, the assessment income represents just under two thirds of the Organization's budgeted income, and the collection rate has remained strong during difficult economic times, reflecting the support shown by the Organization's Member States for its work.

93 In 2022, the Trading Fund income amounted to £14.21 million, slightly above the budgeted amount of £14.10 million. This reflects a strong sales performance as revenue increased by £2.18 million (18%) from 2021, reflecting the global economic recovery from the pandemic. Notably, the work of IMO's meetings programme facilitated the launch of several new titles, including IAMSAR Manual volume III, IMDG Code and Guide to Maritime Security, ISPS Code, MARPOL, and the IMSBC Code, which had a positive impact on the 2022 financial results. Sales made by the Organization's catering function also recovered from 2021 levels, with an increase in the number of in-person meetings held at the Headquarters building.

94 The income earned from support costs is directly linked to the delivery of donor-funded and Trading Fund activities, so that the increasing portfolio of donor-funded project work has had the indirect effect of increasing support cost income. In addition to this, the Organization also generates income from various sources including investment income, cost recovery from other organizations, and rental income from subletting parts of the Headquarters building, contributing a total of £0.92 million in revenue. Interest rates remained low for much of 2022, with investment income beginning to rise by the end of the year.

95 Considering now the budget performance from an expenditure perspective, the actual expenditure for each Fund against the final 2022 budget is shown in the chart below:

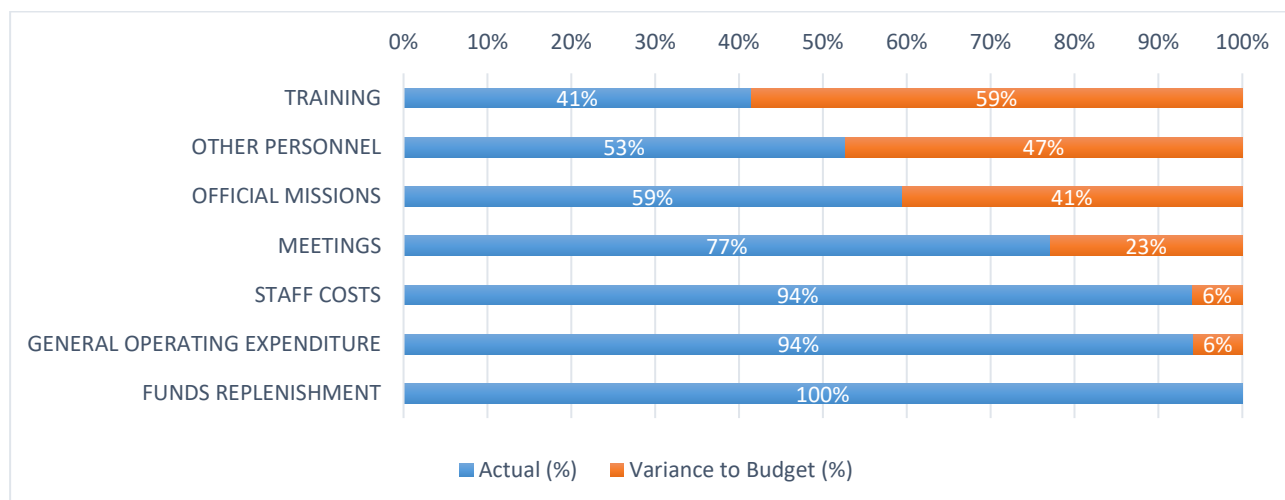
Chart V: Budget expenditure against actual expenditure by Fund (in £'000)



96 The Organization faced budgetary pressures from extraordinary external factors during 2022 - most notably sustained inflation in the host country, with the headline CPI rate peaking at 11.1%. This has been felt most directly in the costs of operating the Headquarters building, and in staff costs. The salient points relating to the budgetary performance for 2022 in each area are set out in the following paragraphs.

97 For the regular budget, the expenditure profile across the main cost categories is shown in the chart below.

Chart VI: 2022 regular budget variance analysis to budget



Note: The figure is excluded the actual discharge of the 2021 commitment in 2022 amounted to £260,878.

98 The key highlights are summarized below:

- Training Delivery model** - The Organization continued to leverage online training resources and virtual training as a means of training delivery, resulting in savings in the training budget for 2022. Plans for 2023 indicate a move towards a hybrid model with a component of classroom-based training, and consequently a cost closer to the budgeted amount.
- Adaptation of the IMO Member State Audit Scheme (IMSAS)** - A large part of the Organization's mission travel budget relates to the IMSAS audit programme. Following the initial transition to remote audits in 2020 and 2021, the audit programme has resumed in 2022, adapting the audit programme with a mix of remote audits and on-site audits where remote was not practical. Restrictions on travel have now eased globally, which allowed on-site audits to resume. While volume was lower, particularly for the early part of the year, costs per trip were higher due to inflationary pressures and general trends in the airline industry - this area will be closely monitored during 2023, as audit programme-related mission travel remains the single component of the Organization's mission travel budget.
- Meetings programme** - After the onset of the pandemic, the Organization's meetings programme proceeded with remote participation, which enabled it to carry out its work despite some limitations. However, with the completion of technological upgrades to its audiovisual equipment in early 2022, the Organization was able to introduce, on a trial basis, hybrid meetings that facilitated both in-person and remote participation during the latter half of the year. As contractual costs for the provision of a virtual meeting environment reduced, the early part of the year brought budgetary savings, while the long-term budgetary impact of hybrid meetings is being assessed based on the trial period.

4. **Adapting to the inflationary pressures** - For the regular budget, inflationary pressures were felt in particular in the costs of running the Headquarters building, and in staff costs. For the former, a number of measures were put in place to reduce energy usage wherever practicable, including amendments to building temperatures, light settings, and lift usage, while an awareness campaign was put in place to encourage efficiency wherever possible. In the longer-term, a study on the building's energy efficiency is being commissioned which will make recommendations to reduce energy usage further, with capital investments being targeted to this end. With respect to staff costs, after an abnormally high level of separations during and following the COVID-19 pandemic, the vacancy rate remains higher than had been forecast, offsetting the increase in costs. While this provides a short-term budget benefit, it is by no means a long-term solution, and we remain focused on our recruitment programme.

99 With respect to the Trading Fund, a large proportion of expenditure relates to the cost of sales of publications. With improvements in efficiency, some changes in the timing of title release dates, and a continuation of the shift towards digital publications, expenditure was lower than had been forecast. The Organization's e-commerce system requires urgent replacement, and that project is under way, fitting into broader reforms to the sale of IMO publications to improve service to customers without compromising revenues. As the contract for the new system had not been signed by the end of 2022, the bulk of the expenditure for this investment will consequently fall into 2023. For the Catering function, the 2022 had a number of external functions, hence the expenditure was much more in line with the budgeted levels.

100 The main expenditures of the Headquarters Capital Fund related to investment in the replacement of the Organization's audiovisual equipment in its meeting rooms, and to building improvement works including the replacement of existing lighting with more energy-efficient LED alternatives.

101 The final budget for technical cooperation (TC) activities, which were financed from the Technical Cooperation Fund, included the original appropriation of £5,206,000 approved for 2022, as well as a budget of £1,791,187 that was carried over from 2021 to cover postponed activities. In 2022, the TC expenditure amounted to £3,901,762, with an additional commitment of £1,800,454 for postponed activities that are scheduled for delivery in the early part of 2023.

28 February 2023

Dr. Isma Yatun
Chairperson
The Audit Board of the Republic of Indonesia
Jalan Gatot Subroto 31, Jakarta 10210
Indonesia

Letter of Transmittal

Dear Dr. Yatun,

Pursuant to financial regulation 11.2, we have the honour to submit the financial statements for the year ended 31 December 2022 of the International Maritime Organization, certified and approved in accordance with financial regulation 11.1, along with the Statement on Internal Control for the financial period 2022, which does not form a part of the financial statements.


We confirm, to the best of our knowledge and belief, and having made appropriate enquiries with other officials of the Organization, the following representations in connection with your audit of the financial statements of the International Maritime Organization for the year ended 31 December 2022.

We are responsible for preparing financial statements that properly present the activities of the Organization, and for making accurate representations to you. All accounting records and related information have been made available for the purpose of your audit, and all transactions that occurred in the financial period have been, properly reflected in the financial statements and recorded by the Organization in the accounting and other records.

- 1 The financial statements have been prepared and presented in accordance with:
 - a. the International Public Sector Accounting Standards;
 - b. the Financial Regulations and Financial Rules of the Organization; and
 - c. the accounting policies of the Organization, as summarized in note 1 to the financial statements.
- 2 The accounting policies used by the Organization as stated in the financial statements are consistent with those of the previous year.
- 3 Within the meaning of IPSAS 35, IMO also controls WMU and IMLI for financial reporting purposes, the financial records of which are presented in the consolidated financial statements.



- 4 The value of cash, cash equivalents and investments recorded is not impaired and, in our opinion, is fairly stated.
- 5 All material accounts receivables have been included in the financial statements and represent valid claims against debtors or future economic benefits to the Organization. Apart from the estimated uncollectable contributions receivable as presented in note 2.2, we expect all significant accounts receivable at 31 December 2022 to be collected.
- 6 The inventories, property, plant and equipment, and the intangible assets disclosed in notes 2.3, 2.7 and 2.8 to the financial statements, respectively, are owned by the Organization and are free from any charge.
- 7 All known accounts payable and accruals have been included in the financial statements.
- 8 The commitments of the Organization for the acquisition of goods and services, as well as the capital commitments contracted but not delivered as at 31 December 2022, have been disclosed in note 7.1 to the financial statements. Commitments for future expenses have not been recognized as liabilities.
- 9 All known legal or contingent liabilities as at 31 December 2022 have been disclosed in note 7.2 to the financial statements.
- 10 All expenses reported during the period were incurred in accordance with the financial regulations and financial rules of the Organization and any specific donor requirements.
- 11 All losses of cash or receivables, ex gratia payments, frauds and presumptive frauds, wherever incurred, were communicated to the External Auditors and reported in note 8.
- 12 Disclosure is made, in the financial statements, of all matters necessary to enable them to present fairly the results of transactions during the period.
- 13 There have been no known events since the IMO reporting date of 31 December 2022 that necessitate revision of the information presented in the financial statements thereto.



Azara Prempeh
Director, Administrative Division



Kitack Lim
Secretary-General

28 February 2023

**STATEMENT ON INTERNAL CONTROL
FOR THE YEAR ENDED 31 DECEMBER 2022**

Scope of responsibility

1. As Secretary-General and Director of Administration Division of the International Maritime Organization (IMO), we are accountable, in accordance with the responsibilities assigned in Article X of the Financial Regulations, for establishing financial rules and procedures to ensure effective financial administration and the exercise of economy, and for maintaining internal financial control.

Purpose of the system of internal control

2. The system of internal control is designed to reduce and manage rather than eliminate the risk of failure to achieve the Organization's policies, aims and objectives. Therefore, it can only provide a reasonable and not absolute assurance of effectiveness. It is based on an ongoing process designed to identify principal risks, evaluate the nature and extent of those risks and manage them efficiently, effectively and economically. Internal control is a process effected by the Council, the Secretary-General, senior management and other members of the Secretariat, and designed to provide reasonable assurance on the achievement of the following internal control objectives:
 - the regularity of the receipt, custody, and disposal of all funds and other financial resources of the Organization;
 - the conformity of obligations and expenditures with the appropriations or other financial provision voted by the Assembly, or with the purposes and rules relating to trust and other special funds; and
 - the economic use of the resources of the Organization.
3. Thus, on an operational level, IMO's internal control system is not solely a policy or procedure that is performed at certain points in time, but rather continually operated at all levels within the Organization through internal control processes to ensure the above objectives.
4. The current statement on IMO's internal control processes, as described above, applies for the year ended 31 December 2022, and is up to the date of the approval of the Organization's 2022 financial statements.

Risk management and internal control

5. The Organization operates a Risk Management Framework, developed and approved by the Council. Under this Framework, the Organization is required to conduct a biennial risk assessment exercise to identify and analyse risks to the delivery of the Secretariat's Business Plan, to develop and implement mitigation measures where those risks are considered to be unacceptably high and report the outcome of this exercise to the Council. Between these reports and throughout the biennium, the application of the principles of risk management and the mitigation of risks to the extent practically possible is an ongoing process at the Organization. The outcome of both the risk assessment exercise and the ongoing monitoring of the risks throughout the biennium informs the assessments of the effectiveness of the established system of internal control.

Review of effectiveness

6. The review of the effectiveness of the system of internal control is also informed by:
- senior managers, each of whom has a role to play in the system of internal control and has been assigned specific delegations within the framework provided by the Financial Regulations and Financial Rules, Procurement Manual and Budget Manual. Each staff member assigned such delegated responsibility has provided me with an individual attestation on internal control for the year ended 31 December 2022 which acknowledges the scope of their responsibility, reports any significant weaknesses identified in internal controls along with steps being taken to address them, and confirms that internal controls are operating effectively within their area of responsibility;
 - the work of the Internal Oversight and Ethics Office (IOEO), which has a dual function, both as internal oversight to provide me with reports on internal audits and evaluations conducted during the year to provide independent and objective information on the adequacy and effectiveness of the Organization's system of internal controls, and as the ethics office to provide confidential advice and counsel to the Organization and its staff on ethics and standards of conduct, promote ethical awareness and responsible behaviour and handle referrals of allegations of unethical behaviour or conflicts of interest. Relevant matters are reported to the Council under the renamed agenda item on "Internal Oversight, Ethics and Joint Inspection Unit";
 - the External Auditor, the Chairman of the Audit Board of the Republic of Indonesia, who provides me with a management letter identifying any issues of control identified during their annual audit and provides the Council and Assembly with an opinion on the accuracy of the Organization's financial statements; and
 - the Council, which reviews the outcomes of the biennial risk assessment exercise and identifies any action which it believes is necessary to address the findings thereof.
7. For the year 2022, there have been no significant issues to report in the operation of internal controls.

Conclusion

8. Effective internal control, no matter how well designed, has inherent limitations, including the possibility of circumvention and therefore can only provide reasonable assurance. Furthermore, because of changes in conditions, the effectiveness of internal control may vary over time. In recognizing this, however, concludes that, to the best of our knowledge and information, the IMO Secretariat generally had an effective system of internal control for the year ended 31 December 2022, and up to the date of the approval of the financial statements for that year.



Azara Prempen
Director, Administrative Division



Kitack Lim
Secretary-General

28 February 2023

REPORT OF THE EXTERNAL AUDITOR: OPINION ON THE ORGANIZATION'S FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022



**CHAIRPERSON
AUDIT BOARD
REPUBLIC OF INDONESIA**

**Letter from the External Auditor to the Chair of the Council
of the International Maritime Organization**

Number: 66/S/I/05/2023

The Chair of the Council
International Maritime Organization
4, Albert Embankment London SE1 7SR
United Kingdom

Dear Chair,

In accordance with the Article XII of the International Maritime Organization's Financial Regulations and Financial Rules, I have the honour of presenting our report to the Council of the International Maritime Organization for onward transmission to the Assembly. This report comprises the External Auditor's Opinion, a Long-Form Report, and the Audited Financial Statements of the International Maritime Organization as of and for the year ended 31 December 2022.

Yours Sincerely,

A handwritten signature in blue ink, appearing to read 'Isma Yatun'.

Dr. Isma Yatun, CSFA, CFA. ⁷
Chairperson of the Audit Board of the Republic of Indonesia
External Auditor

Jakarta, Indonesia
31 May 2023



AUDIT OPINION
CERTIFICATE OF THE EXTERNAL AUDITOR
ON THE FINANCIAL STATEMENTS OF
THE INTERNATIONAL MARITIME ORGANIZATION
AS AT AND FOR THE YEAR ENDED
31 DECEMBER 2022

To the Council of the International Maritime Organization

Opinion

We have audited the financial statements of the International Maritime Organization (the Organization), which comprise the statement of financial position as at 31 December 2022, the statement of financial performance, the statement of changes in net assets, the statement of cash flows, and the statement of comparison of budget and actual amounts for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position as at 31 December 2022, and financial performance and cash flows for the year then ended of the Organization in accordance with International Public Sector Accounting Standards (IPSAS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization, in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS, and for such internal control as management determines is 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, Management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

The Council as *Those Charged with Governance* is responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for 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 opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Information Other than the Financial Statements and the Auditor's Report thereon

The Organization is responsible for the other information, which comprises the financial report for the year ended 31 December 2022, contained below, but does not include the financial statements and our auditor's report thereon.

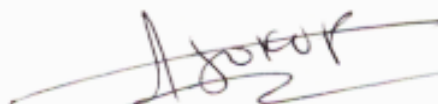
Our opinion on the financial statements does not cover the other information and we do not express any form of assurance thereon.


In connection with our audit of the financial statements, our responsibility is to read other information and, in doing so, consider whether this other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, on the basis of the work that we have performed, we conclude that there is a material misstatement in such other information, we are required to report that fact. We have nothing to report in this regard.

Report on Other Legal and Regulatory Requirements

Further, in our opinion, the transactions of the Organization that have come to our notice or which we have tested as part of our audit have, in all significant respects, been in accordance with the Organization's Financial Regulations and Financial Rules.

In accordance with Article XII of the Financial Regulations and Financial Rules, we also issued a long-form report on our audit of the Organization.



Dr. Agus Joko Pramono, M.Acc, CA, CPA 
Vice Chairman of the Audit Board of the Republic of Indonesia
External Auditor

Jakarta, Indonesia
31 May 2023



INTERNATIONAL MARITIME ORGANIZATION

FINANCIAL STATEMENTS

31 DECEMBER 2022

INTERNATIONAL MARITIME ORGANIZATION
STATEMENT I
STATEMENT OF FINANCIAL POSITION
as at 31 December 2022
(GBP)

	Note	IMO 2022	IMO 2021	Consolidated 2022	Consolidated 2021
ASSETS					
Current assets					
Cash and cash equivalents	2.1	97,902,051	89,070,642	119,457,244	107,012,559
Contributions receivable	2.2	1,102,371	991,777	1,102,371	1,009,189
Inventories	2.3	470,803	416,418	531,820	471,805
Advances to sub-contractors and partners	2.4	1,028,385	563,420	1,028,385	489,220
Other receivables	2.5	4,416,435	2,926,815	4,538,118	3,595,296
Total current assets		104,920,045	93,969,072	126,657,938	112,578,069
Non-current assets					
Investments	2.6	-	-	5,383,532	5,718,806
Property, plant and equipment	2.7	1,458,354	712,511	1,942,141	1,008,408
Intangible assets	2.8	95,138	2,594	99,800	37,193
Total non-current assets		1,553,492	715,105	7,425,473	6,764,407
TOTAL ASSETS		106,473,537	94,684,177	134,083,411	119,342,476
LIABILITIES					
Current liabilities					
Payables and accruals	2.9	7,319,220	6,289,791	12,728,756	12,454,289
Provisions for warranties	2.10	60,773	63,032	60,773	63,032
Employee benefits current	2.11	229,853	349,892	319,301	388,672
Total current liabilities		7,609,846	6,702,715	13,108,830	12,905,993
Non-current liabilities					
Employee benefits non-current	2.11	52,492,942	50,657,697	54,475,202	52,249,318
Total non-current liabilities		52,492,942	50,657,697	54,475,202	52,249,318
TOTAL LIABILITIES		60,102,788	57,360,412	67,584,032	65,155,311
NET ASSETS		46,370,749	37,323,765	66,499,379	54,187,165
Fund balances and reserves	2.13	37,323,765	29,317,508	53,933,047	42,317,614
Surplus for the year		9,046,984	8,006,257	12,566,332	11,869,551
TOTAL FUND BALANCES AND RESERVES	2.13	46,370,749	37,323,765	66,499,379	54,187,165

The accompanying notes form an integral part of these financial statements.

**INTERNATIONAL MARITIME ORGANIZATION
STATEMENT II**

**STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 December 2022
(GBP)**

	Note	IMO		Consolidated	
		2022	2021	2022	2021
REVENUE					
Assessed contributions	3.1	33,616,000	33,616,939	33,616,000	33,616,939
Donor voluntary contributions	3.2	13,161,091	10,555,607	19,506,795	16,790,794
Commercial activities	3.3	15,097,241	12,811,143	16,971,236	14,672,407
Fellowships	3.4	-	-	6,157,231	6,022,656
Other revenue	3.5	1,035,323	245,976	1,404,556	901,435
TOTAL REVENUE		62,909,655	57,229,665	77,655,818	72,004,231
EXPENSES					
Staff and other personnel costs	4.1	40,159,436	37,129,534	49,613,617	46,070,779
Travel expenses	4.2	1,909,818	223,183	2,549,118	365,117
Supplies, consumables and other running costs	4.3	7,526,604	7,336,615	8,515,501	8,184,065
Costs related to trading activities	4.4	1,558,496	1,199,835	1,570,456	1,205,164
Outsourced services	4.5	726,023	669,744	1,148,190	1,063,584
Training and development	4.6	4,002,621	1,187,736	5,282,652	2,613,402
Depreciation, amortization and impairment	4.7	498,280	754,167	718,799	928,117
Return of unspent funds	4.8	43,723	136,459	43,723	136,459
Other expenses	4.9	932,338	653,364	1,121,776	897,365
TOTAL EXPENSES		57,357,339	49,290,637	70,563,832	61,464,052
OPERATING SURPLUS FOR THE YEAR		5,552,316	7,939,028	7,091,986	10,540,179
Currency exchange gain / (loss)	4.10	3,494,668	67,229	5,474,346	1,329,372
NET SURPLUS FOR THE YEAR		9,046,984	8,006,257	12,566,332	11,869,551

The accompanying notes form an integral part of these financial statements.

**INTERNATIONAL MARITIME ORGANIZATION
STATEMENT III**

**STATEMENT OF CHANGES IN NET ASSETS
for the year ended 31 December 2022
(GBP)**

	Note	IMO		Consolidated	
		2022	2021	2022	2021
Opening balance 1 January		37,323,765	27,006,313	54,187,165	42,212,651
Surplus for the year	6.2.2	9,046,984	8,006,257	12,566,332	11,869,551
Other movements					
Actuarial gain for the year	2.11	-	2,311,195	-	2,311,195
Exchange rate effect	10	-	-	(254,118)	(2,206,232)
Total movement for the year		9,046,984	10,317,452	12,312,214	11,974,514
TOTAL NET ASSETS		46,370,749	37,323,765	66,499,379	54,187,165

The accompanying notes form an integral part of these financial statements.

**INTERNATIONAL MARITIME ORGANIZATION
STATEMENT IV**

**STATEMENT OF CASH FLOWS
for the year ended 31 December 2022
(GBP)**

	IMO		Consolidated	
	2022	2021	2022	2021
Cash flow from operating activities:				
Surplus for the period	9,046,984	8,006,257	12,566,332	11,869,551
Depreciation of property, plant and equipment ¹	485,987	678,594	655,712	688,183
Net (gain)/loss on disposal of Property, Plant and Equipment	-	-	3,025	
Amortization of intangible assets ¹	6,764	6,404	30,824	65,251
Effect of currency exchange on cash and cash equivalent	(281,081)	160,661	(2,239,237)	(1,268,538)
(Increase)/decrease in contributions receivable	(110,594)	(202,728)	(93,182)	(210,444)
(Increase)/decrease in inventories	(54,385)	58,527	(60,015)	59,722
(Increase)/decrease in advances to sub-contractors and partners	(464,965)	53,841	(539,165)	128,041
(Increase)/decrease in other receivables	(1,489,620)	(563,174)	(942,822)	92,095
Increase/(decrease) in payables and accruals	1,029,429	(1,902,387)	274,467	(1,280,401)
Increase/(decrease) in provisions for warranties	(2,259)	9,219	(2,259)	9,219
Increase/(decrease) in employee benefits current	(120,039)	115,384	(69,371)	108,598
Increase/(decrease) in employee benefits non-current	1,835,245	(403,187)	2,225,884	(331,168)
Net cash flows from operating activities	9,881,466	6,017,411	11,810,193	9,930,109
Cash flows from investing activities:				
Investments	-	-	335,274	(2,862,653)
Purchases of property, plant and equipment ¹	(1,231,830)	(152,044)	(1,592,470)	(223,710)
Purchases of intangible assets ¹	(99,308)	-	(93,431)	-
Net cash flows from investing activities	(1,331,138)	(152,044)	(1,350,627)	(3,086,363)
Cash flows from financing activities:				
(Decrease) in finance lease liabilities current	-	(101,825)	-	(101,825)
Net cash flows from financing activities	-	(101,825)	-	(101,825)
Other movements in net assets	-	2,311,195	-	2,311,195
Gain/(loss) on exchange on consolidation	-	-	(254,118)	(2,206,232)
Effect of exchange rate changes on cash and cash equivalents	281,081	(160,661)	2,239,237	1,268,538
Net increase in cash and cash equivalents	8,831,409	7,914,076	12,444,685	8,115,422
Cash and cash equivalents at beginning of the year	89,070,642	81,156,566	107,012,559	98,897,137
Cash and cash equivalents at end of the year	97,902,051	89,070,642	119,457,244	107,012,559

The accompanying notes form an integral part of these financial statements.

¹ Depreciation of property, plant and equipment, amortization of intangible assets, purchases of property, plant, and equipment and purchases of intangible assets include the effect of the exchange rate adjustment for exchange rate movements in the year. The consolidated statements in notes 2.7 and 2.8 show additions and foreign exchange adjustments separately rather than in aggregate.

**INTERNATIONAL MARITIME ORGANIZATION
STATEMENT V(a)**

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS-IMO
for the year ended 31 December 2022
(GBP)**

	Budget Amounts ²				Actual Amounts on Comparable Basis ²		Variances: Final Budget and Actual Amounts	
	Original 2022	Original 2021	Final 2022	Final 2021	2022	2021	2022	2021
Receipts¹								
Assessed contributions	33,616,000	33,616,000	33,616,000	33,616,000	32,913,762	33,809,202	(702,238)	193,202
Support costs income	1,588,000	1,598,000	1,588,000	1,598,000	1,844,179	1,280,075	256,179	(317,925)
Trading income	14,099,000	13,903,000	14,099,000	13,903,000	14,206,868	12,030,942	107,868	(1,872,058)
Other income	1,333,000	595,000	1,333,000	595,000	917,955	607,688	(415,045)	12,688
Funds Transfer	1,359,000	1,741,500	1,359,000	1,741,500	1,359,000	1,741,500	-	-
Total receipts	51,995,000	51,453,500	51,995,000	51,453,500	51,241,764	49,469,407	(753,236)	(1,984,093)
Payments^{1&3}								
Regular budget strategic results ⁴	37,525,000	36,486,000	37,560,314	37,822,889	34,826,034	34,086,028	2,734,280	3,736,861
Trading	8,222,000	7,256,000	8,345,494	7,827,838	6,814,480	5,451,370	1,531,014	2,376,468
Headquarters capital	1,259,000	1,372,000	2,534,820	2,186,476	1,598,511	669,143	936,309	1,517,333
Termination/separation ⁴	1,093,000	1,200,000	1,336,164	1,200,000	1,336,085	1,174,009	79	25,991
Technical cooperation (TC Fund)	5,206,000	5,575,000	6,997,187	6,419,159	5,692,949	2,909,620	1,304,238	3,509,539
Total payments	53,305,000	51,889,000	56,773,979	55,456,362	50,268,059	44,290,170	6,505,920	11,166,192
NET	(1,310,000)	(435,500)	(4,778,979)	(4,002,862)	973,705	5,179,237	5,752,684	9,182,099

¹ Classification of receipts or payments follows the same basis as the approved budget and is different from the classification shown in Statement II which presents it by nature/function.

² Budget amounts are the modified accrual basis (IMO and IMLI) and the accrual basis (IMLI) as approved by the respective governing bodies (IMO, WMU and IMLI) and the actual amounts are on the same basis as the budget amounts.

³ The Final Budget for 2022 includes additional budget transfers for commitments made in prior years discharged in 2022 totalling £3,468,979 as detailed in Note 7.1.

⁴ The Final Budget for 2022 for the Regular Budget and the Termination Benefit Fund incorporate a transfer of £225,564 from the savings in the Staff costs of the Regular Budget to fund the Termination Benefit Fund as approved by the Council in its 128th session.

The accompanying notes form an integral part of these financial statements.

INTERNATIONAL MARITIME ORGANIZATION
STATEMENT V(b)
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CONSOLIDATED
for the year ended 31 December 2022
(GBP)

	Budget Amounts ²				Actual Amounts on Comparable Basis ²		Variances: Final Budget and Actual Amounts	
	Original 2022	Original 2021	Final 2022	Final 2021	2022	2021	2022	2021
Receipts¹								
Assessed contributions	33,616,000	33,616,000	33,616,000	33,616,000	32,913,762	33,809,202	(702,238)	193,202
Support costs income	1,588,000	1,598,000	1,588,000	1,598,000	1,844,179	1,280,075	256,179	(317,925)
Trading income	14,099,000	13,903,000	14,099,000	13,903,000	14,206,868	12,030,942	107,868	(1,872,058)
Other income	1,333,000	595,000	1,333,000	595,000	917,955	607,688	(415,045)	12,688
Funds Transfer	1,359,000	1,741,500	1,359,000	1,741,500	1,359,000	1,741,500	-	-
<i>IMO Subtotal</i>	51,995,000	51,453,500	51,995,000	51,453,500	51,241,764	49,469,407	(753,236)	(1,984,093)
WMU	11,637,800	12,801,500	12,921,300	12,710,400	13,976,756	12,089,500	1,055,456	(620,900)
IMLI	2,024,733	1,938,959	2,263,516	2,029,479	1,994,987	2,465,230	(268,529)	435,751
<i>Subtotal Education and research</i>	13,662,533	14,740,459	15,184,816	14,739,879	15,971,743	14,554,730	786,927	(185,149)
Overall total receipts	65,657,533	66,193,959	67,179,816	66,193,379	67,213,507	64,024,137	33,691	(2,169,242)
Payments^{1&3}								
Regular budget strategic results ⁴	37,525,000	36,486,000	37,560,314	37,822,889	34,826,034	34,086,028	2,734,280	3,736,861
Trading	8,222,000	7,256,000	8,345,494	7,827,838	6,814,480	5,451,370	1,531,014	2,376,468
Headquarters capital	1,259,000	1,372,000	2,534,820	2,186,476	1,598,511	669,143	936,309	1,517,333
Termination/separation ⁴	1,093,000	1,200,000	1,336,164	1,200,000	1,336,085	1,174,009	79	25,991
Technical cooperation (TC Fund)	5,206,000	5,575,000	6,997,187	6,419,159	5,692,949	2,909,620	1,304,238	3,509,539
<i>IMO Subtotal</i>	53,305,000	51,889,000	56,773,979	55,456,362	50,268,059	44,290,170	6,505,920	11,166,192
WMU	11,486,300	12,526,900	12,454,600	12,257,900	12,397,500	10,504,200	57,100	1,753,700
IMLI	1,867,701	1,874,443	1,605,333	1,874,443	1,726,648	1,656,761	(121,315)	217,682
<i>Subtotal Education and research</i>	13,354,001	14,401,343	14,059,933	14,132,343	14,124,148	12,160,961	(64,215)	1,971,382
Overall total payments	66,659,001	66,290,343	70,833,912	69,588,705	64,392,207	56,451,131	6,441,705	13,137,574
NET	(1,001,468)	(96,384)	(3,654,096)	(3,395,326)	2,821,300	7,573,006	6,475,396	10,968,332

¹ Classification of receipts or payments follows the same basis as the approved budget and is different from the classification shown in Statement II which presents it by nature/function.

² Budget amounts are the modified accrual basis (IMO and IMLI) and the accrual basis (IMLI) as approved by the respective governing bodies (IMO, WMU and IMLI) and the actual amounts are on the same basis as the budget amounts.

³ The Final Budget for 2022 includes additional budget transfers for commitments made in prior years discharged in 2022 totalling £3,468,979 as detailed in Note 7.1.

⁴ The Final Budget for 2022 for the Regular Budget and the Termination Benefit Fund incorporate a transfer of £225,564 from the savings in the Staff costs of the Regular Budget to fund the Termination Benefit Fund as approved by the Council in its 128th session.

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

NOTE 1: ACCOUNTING POLICIES

Basis of Preparation

1 The financial statements of the International Maritime Organization (IMO) have been prepared on the accrual basis of accounting in accordance with the International Public Sector Accounting Standards (IPSAS) using the historic cost convention. Where a specific matter is not covered by IPSAS, the appropriate International Financial Reporting Standards (IFRS) have been applied. No Standards have been adopted prior to their required implementation date, and no transitional provisions are in operation.

2 The Cash Flow Statement is prepared using the indirect method.

3 Within the meaning of IPSAS 35 – "Consolidated Financial Statements" the Organization is a controlling entity with two controlled entities, the World Maritime University (WMU) and the IMO International Maritime Law Institute (IMLI) based in Sweden and Malta, respectively. Neither WMU nor IMLI has equity and the Organization's control is not by means of shareholding; however, their Charter and Statute, respectively, provide for the 'power' and 'benefit' criteria necessary for establishing control under IPSAS 35, the key factors being:

- the Secretary-General's ability to appoint the President of WMU and the Director of IMLI, and also to appoint the respective governing boards;
- the alignment of the objectives of WMU and IMLI with the goals of IMO through the Charter and the Statute, respectively;
- the requirement for changes to the Charter and Statute to be approved by IMO organs; and
- in the event of the dissolution of WMU or IMLI, the funds and assets remaining shall be used as directed by IMO Council.

4 Consolidated statements have therefore been prepared and are shown alongside those of IMO for ease of reference.

5 The functional and reporting currency of IMO is GBP. Transactions in currencies other than GBP are converted into GBP at the prevailing United Nations Operational Rates of Exchange (UNORE) at the time of transaction. Monetary assets and liabilities held at the year-end in currencies other than GBP are converted into GBP at the prevailing UNORE year-end closing rate. The resulting gains or losses are accounted for in the Statement of Financial Performance.

Cash and Cash Equivalents

6 Cash and cash equivalents comprise of cash on hand, cash at banks, and highly liquid short-term deposits with maturities of 12 months or less.

7 The effective date of IPSAS 41 – "Financial Instruments" was deferred to 1 January 2023 due to the COVID-19 pandemic and the challenges it has created. The Organization continues to apply IPSAS 29 - "Financial Instruments: Recognition and Measurement".

Receivables

8 Receivables are financial assets with fixed or determinable payments that are not traded in an active market. Receivables classified as current assets are for amounts due within 12 months of the reporting date, while non-current receivables are those that are due more than 12 months from the reporting date of the financial statements. Receivables are stated at nominal value less allowance for estimated irrecoverable amounts in the Statement of Financial Position.

9 Assessed contributions receivable are the amount of contributions as approved by the Assembly that are still outstanding. Donor contributions receivable are recognized when the donor agreement is signed but the payment from donor has not been received at the reporting period.

10 An allowance for doubtful accounts is recognized when there is a risk that the receivables may be impaired. Changes in the allowance for doubtful accounts are recognized in the Statement of Financial Performance.

11 For donor contributions, commercial and other receivables, an allowance is provided on a case-by-case basis. Allowances are recognized based on historical collection experience and/or evidence indicating that the collection of a particular receivable is in doubt. For commercial receivables and other receivables, an allowance equivalent to 100% of the receivable is provided when the receivable is deemed uncollectible and has been overdue for three or more years.

12 For Member States' assessed contributions, the value of unpaid balances is adjusted as follows:

- no allowance or discount is applied to Member States with sums outstanding for no more than the current or current and previous reporting period; and
- all sums that have been due for more than two reporting periods are held net of a 100% allowance, that is, at zero value in the Statement of Financial Position. The allowance includes current and all prior period outstanding balances.

Revenue

13 Assessed income on Member States is recognized on a calendar basis as revenue when it falls due, normally on 1 January of the financial year for which the assessment is made as per the assessments approved by the Assembly. Sums received in advance from Member States for the following reporting period are shown on the Statement of Financial Position as revenue received in advance.

14 Donor Contributions are recognized on a case-by-case basis following the provisions of IPSAS 23 – "Revenue from Non-Exchange Transactions".

15 Contributions made without condition, revenue, and the associated financial asset, are recognized when the agreement is signed or, in the absence of an agreement, on receipt of funds. Where there are no payment terms specified by the contributor or payment terms are in the current accounting year, revenue is recognized in the current period. Where payment terms specify payment after the year-end (31 December), the amount is reported as deferred revenue. Where the start date of the contract is after 31 December, revenue is recognized in the future accounting year.

16 Moreover, in some cases a donor agreement may contain sufficiently strict conditions over the application of funds to a specific activity that a liability is recognized along with the asset when the agreement is confirmed in writing and revenue is only recognized as the activity is delivered.

17 In-kind contributions of goods are valued at fair market value and are recognized as revenue and as assets when received. In-kind contributions of services are not recognized in the financial statements.

18 The Organization's commercial sales operations, conducted through the Trading Fund, subletting of conference facilities, and the fees charged to those submitting products and substances for technical assessment in order for the Organization to fully recover costs associated with conducting those assessments, are considered to be exchange transactions and are accounted for within the meaning of IPSAS 9 – "Revenue from Exchange Transactions". All other revenue is on a non-exchange basis and is accounted for in accordance with IPSAS 23.

19 Revenue from the sale of publications is recognized upon shipment to the customer. Interest on investment of funds on fixed short-term deposits and other revenue are recognized when received or earned in accordance with IPSAS 9.

Inventories

20 Publications held for sale on hand at the end of the financial period are recorded as inventories and are valued at the lower of cost or net realizable value.

21 The cost of publications includes production, transportation, and storage costs, determined on a weighted average basis. Inventory quantities are validated by physical stock counts.

22 Publications are shown as a cost of sales at the time at which the sale is recognized, and the inventory is reviewed at the end of each financial year for impairment. A provision is provided for inventory considered to be impaired due to damage, obsolescence, and slow-moving titles with excess stock on hand.

23 The Organization does not hold any specific item of inventory for the purpose of distributing free of charge. While a small number of copies of various publications are distributed 'free of charge' from time to time under specific conditions, these free copies constitute an insignificant percentage (typically less than 5%) of the total books distributed. Consequently, no provision is made in this regard.

Property, Plant and Equipment

24 Property, Plant and Equipment (PP&E) are stated at historical cost less accumulated depreciation and any impairment losses. Depreciation is provided for PP&E over their estimated useful life using the straight-line method. The estimated useful life for PP&E classes is as follows:

Class	Estimated useful life (years)
Communication and IT equipment	3 – 5
Vehicles	4 – 7
Furniture & fixtures	5
Conference equipment	7
Miscellaneous	5

25 Leasehold improvements are recognized as assets and valued at cost and depreciated over the lesser of the remaining useful life of the improvements or the lease term.

26 While the Organization uses an operational threshold for recognizing property, plant and equipment of £500, this threshold is not applied to library collections. Where a library collection is deemed to be in excess of 10% reference in nature, all purchases of reference material are capitalized and depreciated over three years on a straight-line basis. Where a library collection holds less than 10% reference books, all items will be expensed as purchased.

27 Impairment reviews are undertaken for all assets at least annually.

Intangible Assets

28 Intangible assets are stated at historical cost less accumulated amortization and any impairment losses.

29 Publication titles are not considered to be intangible assets as they do not meet the provisions of IPSAS 31 – "Intangible Assets". Consequently, development costs for new titles are expensed as they are incurred.

30 Amortization is provided over the estimated useful life using the straight-line method. The estimated useful life for intangible asset classes is as follows:

Class	Estimated useful life (years)
Software acquired externally	3
Internally developed software	3 – 6

Leases

Finance Leases

31 Leases under which substantially all of the risk and reward of ownership have been transferred to the Organization through the lease agreement are treated as finance leases.

32 Assets purchased under a finance lease are shown as assets at the lower of the fair value of the asset and the present value of the minimum lease payments. An associated lease obligation is recognized at the same value.

33 Lease payments made under a finance lease are apportioned between payment of finance charges and reduction of the balance of the liability.

34 Assets acquired through a finance lease are depreciated over the shorter of the lease term or the useful life of the asset, except where such assets become the property of the Organization on completion of the lease term. In such cases, the asset is depreciated over its useful life. The finance charge will be calculated to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating Leases

35 Leases that are not categorized as finance leases, with a balance of risk and reward remaining with the lessor, are considered to be operating leases.

36 Expenditure incurred under an operating lease is charged on a straight-line basis over the life of the lease.

Employee Benefits Liabilities

37 IMO recognizes the following categories of employee benefits:

- short-term employee benefits due to be settled within 12 months of the end of the accounting period in which employees render the related service;
- post-employment benefits;
- other long-term employee benefits; and
- termination benefits.

38 Actuarial gains and losses which may arise from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur as a separate item directly in net assets/equity. Past service costs from amendments to the benefits provided by the plans are recognized in surplus or deficit over the average remaining service lives of the related employees if they are not vested, and immediately when they arise if the benefits are already vested. None of the benefits of the Organization's defined benefits plans has been amended during the reporting period.

39 Short-term employee benefits include salaries and related benefits, settling-in benefits, education grant, and others such as home leave, paid annual leave and sick leave.

40 Post-employment benefits are defined benefit plans consisting of the United Nations Joint Staff Pension Fund (UNJSPF), After-Service Health Insurance Plan (ASHI) and repatriation grant and related benefits.

41 Other long-term employee benefits include accrued unused annual leave and, where applicable, compensation payments in the case of death, injury or illness attributable to the performance of duties.

42 Termination benefits include indemnities for dismissal before retirement or voluntary redundancy. Where, at the reporting date, there is a formal plan, without realistic possibility of withdrawal, to finish the employment of a staff member and at that date, the staff member has not yet separated from the Organization, an accrual is recognized in the financial statements.

Provisions and Contingent Liabilities

43 Provisions are made for future liabilities and charges where IMO has a present legal or constructive obligation as a result of past events, and it is probable that IMO will be required to settle the obligation. This liability is estimated using a percentage based on the previous five years sales and the level of returns.

44 The Organization's sales of publications are made mainly through distributors and resellers rather than directly to the end user. It is the Organization's established business practice to refund distributors for unsold copies held by them, which may become obsolete through the issuance of a new edition. From 1 January 2021, any publications purchased are no longer qualify for returns, with the exception of two copies of key publications required to be kept in stock under the terms of the distributor's agreement. A provision is established to reflect an approximation of the funds expected to be reimbursed to distributors for the copies sold to them during the financial year which may be returned during future financial years. This liability is estimated using a percentage based on the previous five years sales and the level of returns.

45 Other commitments, which do not meet the recognition criteria for liabilities, are disclosed in the notes to the financial statements as contingent liabilities when their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the control of IMO.

Fund Accounting and Segment Reporting

46 The financial statements are prepared on a fund accounting basis, showing, at the end of the period, the consolidated position of all IMO funds. A fund is a self-balancing accounting entity established to account for the transactions of a specified purpose or objective. Fund balances represent the accumulated residual of revenue and expenses.

47 IMO classifies all projects, operations and fund activities into four segments: i) Core Programme Management; ii) Technical Cooperation and Extrabudgetary Activities; iii) Trading and Business Activities; and iv) Education and Research. IMO reports on the transactions of each segment during the financial period, and the balances held at the end of the period.

48 Under Core Programme Management, the Organization provides services to support Member States' decision-making, including the development of treaties, regulations and policies. These activities are funded by assessed contributions and transfers from surpluses from such contributions. The Organization's General Fund, Working Capital Fund, Headquarters Capital Fund, and Termination Benefit Fund are grouped under this segment.

49 Under Technical Cooperation and Extrabudgetary Activities, the Organization provides Member States with technical cooperation and extrabudgetary planning and implementation services. Such activities are primarily funded through the surplus of the Organization's commercial activities and contributions from donors or through a cost-recovery model such as the fees charged for assessments of products and substances. In this context, the Organization's Technical Cooperation Fund and all donor trust Funds are grouped under this segment.

50 Activities conducted by WMU and IMLI are categorized under the Education and Research segment. The funding is primarily derived from donations to and fees charged by WMU and IMLI.

51 As the Organization undertakes commercial business activities, in particular publishing and catering, through the Trading Fund, those activities are segmented under Trading and Business Activities. Funding comes from the sale of publications and catering.

Budget Comparison

52 The Assembly approves the biennial budgets of the Organization which include the regular budget and the budgets of the Trading Fund, the Headquarters Capital Fund, the Termination Benefit Fund and the Technical Cooperation Fund. These budgets may be subsequently amended by the Council or through the exercise of delegated authority. Statement V: Comparison of Budget and Actual Amounts compares the final budget to actual amounts calculated on the same basis as the corresponding budgetary amounts. As the bases used to prepare the budget and financial statements differ, Note 5 provides a reconciliation between the actual amounts presented in Statement V and the actual amounts presented in Statement IV: Cash Flow.

NOTE 2: ASSETS AND LIABILITIES

Note 2.1: Cash and Cash Equivalents

	IMO		Consolidated	
	2022	2021	2022	2021
Cash and Cash Equivalents	GBP	GBP	GBP	GBP
Bank and Imprest Cash	29,925,320	13,884,637	50,815,032	29,622,703
Short-term deposits	67,974,547	75,182,907	68,638,283	77,287,907
Other cash and cash equivalents	2,184	3,098	3,929	101,949
TOTAL CASH AND CASH EQUIVALENTS	97,902,051	89,070,642	119,457,244	107,012,559

53 Cash required for immediate disbursement is maintained in cash and 52 bank accounts, 7 in British pounds, 36 in US dollars, 7 in euros, 1 in Philippine peso, 1 in Bangladeshi Takas. Balances in the short-term deposit accounts are available at short notice.

54 IMO does not place long-term investments in bonds or shares, nor does it make use of money market facilities such as hedging. Excess funds are invested in short-term deposits, which are held to maturity for not more than 12 months with an approved list of counterparties.

55 IMO's Investment Policy, established in accordance with Article IX of the Financial Regulations, focuses on capital retention rather than maximization of return on investment and establishes limits on the maximum amounts and time period for deposits with any counterparty, based on a range of factors designed to assess their financial stability, to diversify and manage investment risk.

56 Effective implementation of the Investment Policy is the responsibility of the IMO Treasury Committee, comprising senior officers and an external treasury expert. The Committee meets on a regular basis and considers the current cash position, cash flow projections, and surplus funds available to invest together with the proposed counterparties and their credit ratings.

57 During the year, credit rating agencies have recorded a stable position for all the Organization's counterparties and the interest rates have been on an increasing trend. The Organization is actively monitoring the ratings of counterparties and the investment holdings.

58 The table below shows the breakdown of the value of IMO's short-term deposits by currency and maturity dates of the placements, including accrued interest as at 31 December 2022:

IMO Treasury Deposit					
Maturity Date	Currency	Initial Amount	Accrued Interest	Total	Value in GBP
13 January 2023	GBP	15,000,000	23,195	15,023,195	15,023,195
13 January 2023	GBP	5,563,393	5,571	5,568,964	5,568,964
16 January 2023	GBP	15,000,000	19,911	15,019,911	15,019,911
20 January 2023	USD	18,656,716	24,456	18,681,172	15,524,047
26 January 2023	GBP	10,000,000	61,438	10,061,438	10,061,438
14 February 2023	GBP	1,759,302	2,786	1,762,088	1,762,088
22 February 2023	GBP	5,000,000	14,904	5,014,904	5,014,904
TOTAL SHORT-TERM DEPOSITS					67,974,547

59 IMLI holds short-term deposit of €750,000 (2021: €2,500,000), which is equivalent to £663,736 as at 31 December 2022 (2021: £2,105,000).

60 There have been no impairments of short-term deposits held by IMO and IMLI as at 31 December 2022.

Note 2.2: Contributions Receivable

Composition:	IMO		Consolidated	
	2022 GBP	2021 GBP	2022 GBP	2021 GBP
Member States assessments	908,928	227,155	908,928	227,155
Donor voluntary contributions	193,443	764,622	193,443	782,034
TOTAL CONTRIBUTIONS RECEIVABLE	1,102,371	991,777	1,102,371	1,009,189

61 Contributions receivable for Member States' assessments and donor voluntary contributions are non-exchange transactions.

62 Historical experience has shown that assessments due from Member States are highly likely to be settled in full at some point in the future, with no write-offs having been authorized in this regard since the inception of the Organization. However, because there is significant uncertainty surrounding the timing of future cash flows from such receivables, an adjustment is required to show these amounts at fair value. The movement of the fair value adjustment during 2022 resulted in an increase of £21,665 when compared to 2021.

63 The following table sets out the composition of Member States' receivables by year and the fair value adjustments and allowance for doubtful accounts as at 31 December 2022.

Member States assessments due:	IMO		Consolidated	
	2022 GBP	2021 GBP	2022 GBP	2021 GBP
Contributions Receivable before allowance				
2022	954,634	-	954,634	-
2021	97,235	246,376	97,235	246,376
2020	43,065	82,304	43,065	82,304
2019 and earlier	672,575	735,391	672,575	735,391
Total Contribution Receivable	1,767,509	1,064,071	1,767,509	1,064,071
Fair value adjustments	(503,517)	(481,852)	(503,517)	(481,852)
Allowance for doubtful accounts	(355,064)	(355,064)	(355,064)	(355,064)
NET CONTRIBUTIONS RECEIVABLE	908,928	227,155	908,928	227,155

64 As at 31 December 2022 there were a total of 42 Member States and the former Socialist Federal Republic of Yugoslavia (SFRY) with outstanding balance. Of these, 34 had current year and prior year balances only. The remaining eight and the former SFRY had arrears prior to 2021. For the Member States in arrears and without an agreed payment plan, an approximation is made based on historical experience – for those Member States which had arrears extending only to the current year and prior year, no fair value adjustment is made. For the remaining Member States with arrears for 2020 and earlier, the fair value adjustment includes their outstanding balances for 2022 and 2021.

65 The settlement of the former Socialist Federal Republic of Yugoslavia (SFRY) arrears of £355,064 continues to depend on the results of ongoing negotiations at the United Nations regarding succession issues. The Governments of the successor States of the former SFRY have requested the United Nations to write off all debts of the former SFRY relating to their contributions to the United Nations and its specialized agencies and programmes. The United Nations had taken the view that, in accordance with the general rules of international law regarding the succession of States in respect of State debts, the United Nations has the right to seek payment of all or part of the pre-dissolution arrears from the five successor States of the former Yugoslavia. Despite requests for the debt to be written off, the United Nations has refused to do so. The precise amount owing by each of SFRY's five successor States has not yet been determined by the United Nations. Until this issue is settled by the United Nations, the Secretariat is not in a position to pursue the recovery of the outstanding amount, and the Secretariat's policy in this regard is consistent with prior years and the approach taken by the United Nations.

66 Contributions receivable from donors represent amounts due but not yet received based on signed agreements as at 31 December 2022.

67 In the case of both Member State assessments and donor voluntary contributions due, adjustments are made to better reflect the fair value of the receivables in the financial statements but constitute neither a formal write-off of the receivable nor a releasing of the third party from their obligation.

Note 2.3: Inventories

	IMO		Consolidated	
	2022 GBP	2021 GBP	2022 GBP	2021 GBP
IMO publications	466,190	407,012	466,190	407,012
Model courses	4,613	9,406	4,613	9,406
Public relations articles	-	-	61,017	55,387
TOTAL INVENTORIES	470,803	416,418	531,820	471,805

Inventories reconciliation – IMO	2022 GBP	2021 GBP
Opening inventories	416,418	474,945
Purchases	944,609	772,872
Total inventories available for sale	1,361,027	1,247,817
Cost of sales	(863,802)	(763,768)
Cost of free distributions	(23,936)	(1,452)
Inventory adjustment	(207,909)	(165,805)
Closing inventories	265,380	316,792
Allowance for impairment	205,423	99,626
TOTAL INVENTORIES	470,803	416,418

	Opening Balance 01.01.2022 GBP	Utilization	Increase / (Decrease) GBP	Closing Balance 31.12.2022 GBP
Allowance for impairment	385,068	(210,952)	5,529	179,645
TOTAL ALLOWANCE	385,068	(210,952)	5,529	179,645

68 A review of inventory was carried out during year-end in determining the provisions of £179,645, covering obsolescence, slow-moving, and excess stock holdings.

69 As at 31 December 2022, IMLI and WMU held inventory valued at £18,982 and £42,035 respectively (2021: £20,403 and £34,984).

Note 2.4: Advances to Sub-Contractors and Partners

70 Advances to sub-contractors and implementing partners are payments made under contract with regional bodies and similar organizations which, acting as implementing agents or partners, deliver technical cooperation programmes on the Organization's behalf. These advances are then offset against approved expenditure reports as the contract is delivered. In addition, any advances made to UNDP to provide regional or national services on the Organization's behalf, through the Service Clearing Account arrangement, are also considered to be advances to sub-contractors and Partners. The total outstanding advances at the end of the financial period were made to the following:

Sub-Contractors and Partners	IMO	
	2022 GBP	2021 GBP
Food and Agriculture Organization (FAO)	314,197	72,337
The Intergovernmental Oceanographic Commission of UNESCO (IOC)	107,143	168,135
Secretariat of the Pacific Community	93,227	17,029
The Pacific Community (SPC)	82,112	-
Korea Institute of Maritime and Fisheries Technology (KIMFT)	81,023	-
The Regional Marine Pollution Emergency, Information and Training Centre – Caribe	76,327	15,667
The University of Trinidad and Tobago	67,350	-
Other	207,006	290,252
TOTAL ADVANCES TO SUB-CONTRACTORS AND PARTNERS	1,028,385	563,420

Note 2.5: Other Receivables

	IMO		Consolidated	
	2022 GBP	2021 GBP	2022 GBP	2021 GBP
Advances to staff	970,308	965,455	1,070,479	1,021,655
Taxes recoverable	1,624,954	791,433	1,715,569	869,212
Advances to vendors	1,130,678	821,735	564,393	571,218
Fellowships	-	-	144,028	468,770
Miscellaneous	690,495	348,192	1,043,649	664,441
TOTAL OTHER RECEIVABLES	4,416,435	2,926,815	4,538,118	3,595,296

71 Advances to staff are for Education Grants, travel and other staff entitlements made in accordance with Staff Regulation and Staff Rules. A breakdown of the most significant advances to staff are shown below:

Advances to staff	IMO		Consolidated	
	2022 GBP	2021 GBP	2022 GBP	2021 GBP
Education Grant advance	599,070	706,058	697,349	761,712
Service incurred injury	329,691	239,847	329,691	239,847
Home leave prepayment	-	-	1,892	546
Others	41,547	19,550	41,547	19,550
TOTAL ADVANCES TO STAFF	970,308	965,455	1,070,479	1,021,655

72 Education Grant advances are paid annually to eligible staff and are amortized over the academic year for expenditure recognition purposes.

73 Service incurred injuries are medical costs advanced to staff due to workplace injury, which are recoverable from the insurance provider.

74 Eligible staff receive one home leave travel entitlement in a two-year period, the costs of which are spread over that two-year period, which may result in a prepayment where staff travel in the first year of their entitlement.

75 Taxes recoverable are value-added tax, airport tax, insurance premium tax and environment tax, which are recoverable from the government of the host country under the terms of the relevant host country agreement. An allowance was provided for congestion charge taxes as these amounts are unlikely to be recovered.

76 Advances to vendors are for payments in advance of goods and service delivery.

77 Fellowships are due at the start of the school term upon arrival and confirmation of the physical presence of the student.

78 The miscellaneous category includes, inter alia, amounts due under sub-letting agreements (where IMO manages the office space and recovers from third parties), cafeteria functions receivable, and travel recoverable from sponsors. Miscellaneous receivables are reported net of £27,229, an estimated allowance for irrecoverable amounts.

Note 2.6: Investments

79 As at 31 December 2022, the total value of investments of £5,383,532 (2021: £5,718,806) represents £4,031,108 (2021: £3,754,637) held by WMU and £1,352,424 (2021: £1,964,169) held by IMLI.

80 At its thirty-first session in March 2021, the Executive Board approved the selection of LGT Liechtenstein as the investment bank for WMU funds, noting that the bank had a strong record of environmental, social, and corporate governance (ESG) and corporate social responsibility which aligns well with WMU's mission, as well as a broad-based investment strategy. In July 2021, \$5,000,011 was invested with LGT Bank Ltd. Based on the statement provided by LGT Bank, the value of the investment declined by \$216,757 to \$4,851,119 as at 31 December 2022.

Note 2.7: Property, Plant and Equipment

Asset category – IMO

GBP		Communication & IT equipment	Conference equipment	Vehicles	Furniture & fixtures	Leased equipment	Miscellaneous	Total
Cost								
Opening 01.01.2022	Balance	2,754,335	1,676,297	123,291	603,018	608,570	118,249	5,883,760
	Additions	76,458	1,111,896	-	7,507	-	35,969	1,231,830
	Disposals	(1,592)	-	-	-	-	-	(1,592)
Closing 31.12.2022	Balance	2,829,201	2,788,193	123,291	610,525	608,570	154,218	7,113,998
Accumulated Depreciation								
Opening 01.01.2022	Balance	2,511,798	1,296,240	85,435	583,835	608,570	85,371	5,171,249
	Depreciation charge for the year	170,465	277,433	14,756	8,676	-	14,657	485,987
	Disposals	(1,592)	-	-	-	-	-	(1,592)
Closing 31.12.2022	Balance	2,680,671	1,573,673	100,191	592,511	608,570	100,028	5,655,644
Net Book Value								
Opening 01.01.2022	Balance	242,537	380,057	37,856	19,183	-	32,878	712,511
CLOSING 31.12.2022	BALANCE	148,530	1,214,520	23,100	18,014	-	54,190	1,458,354

81 Property, plant and equipment are capitalized if their cost is greater than or equal to the threshold limit set at £500. The assets value, less any estimated disposal price, is depreciated over the assets' estimated useful life using the straight-line method. The threshold level is currently being reviewed as part of the system-wide review by the UN Task Force in Accounting Standards.

82 The IMO Headquarters building is not part of property, plant and equipment as IMO is a tenant in the building under a lease which is deemed to be an operating lease under the provisions of IPSAS 13. Further disclosures on the treatment of this lease are provided in Note 2.12.2.

83 Assets are reviewed annually for impairment. During 2022, two obsolete items of communication and IT equipment were disposed of or de-recognized. These items with a total purchase value of £1,592 had zero net book value at the time of disposal.

Asset category – Consolidated

GBP		Communication & IT equipment	Conference equipment	Vehicles	Furniture & fixtures	Leased equipment	Miscellaneous	Total
Cost								
Opening	Balance	3,532,652	1,676,297	263,666	1,039,659	608,570	320,930	7,441,774
	01.01.2022							
Additions		357,545	1,111,896	48,462	21,375	-	77,559	1,616,837
Disposals		(8,788)	-	(27,342)	(1,349)	-	(50)	(37,529)
Exchange	Rate	(22,952)	-	1,864	(9,579)	-	6,300	(24,367)
Movement	Differences							
Closing	Balance	3,858,457	2,788,193	286,650	1,050,106	608,570	404,739	8,996,715
	31.12.2022							
Accumulated Depreciation								
Opening	Balance	3,197,799	1,296,240	197,180	866,123	608,570	267,454	6,433,366
	01.01.2022							
Depreciation	charge	261,619	277,433	39,919	58,481	-	36,811	674,264
for the year								
Disposals		(5,764)	-	(27,342)	(1,349)	-	(50)	(34,505)
Exchange	Rate	(19,086)	-	1,298	(5,645)	-	4,881	(18,552)
Movement	Differences							
Closing	Balance	3,434,568	1,573,673	211,055	917,611	608,570	309,097	7,054,574
	31.12.2022							
Net Book Value								
Opening	Balance	334,853	380,057	66,486	173,536	-	53,476	1,008,408
	01.01.2022							
CLOSING	BALANCE	423,889	1,214,520	75,595	132,495	-	95,642	1,942,141
	31.12.2022							

84 The net value reported under "Miscellaneous" as at 31 December 2022 includes the reference library of £23,079 (2021: £8,007) held by IMLI, with additional reference texts being capitalized and depreciated over a period of three years.

85 This note includes the effect of the revaluation of the property, plant and equipment held by WMU and IMLI with a net impact of £5,815 (2021: £23,121) resulting from the change in the value of the Swedish krona and Euro respectively from 1 January to 31 December 2022. Opening balances are presented at the exchange rate applicable on 1 January 2022 and closing balances at the rate applicable on 31 December 2022, while depreciation charges, additions, and disposals for the year are shown at the average rate of exchange, consistent with Statement I and Statement II, respectively.

86 The City of Malmö provides leasing free of rent and maintenance for the WMU teaching and administration building. In-kind contributions of services are not recognized in WMU's financial statements. The buildings used by IMLI are not included as the Institute has the bare use of the premises. The University of Malta and the Government of Malta have made the building available for use by the Institute for 15 years under the terms of an agreement dated 26 May 1988. The Government of Malta has since extended the period for a further 25 years and it reimburses the repair and maintenance costs up to approximately €9,000 (£7,690) (2021: £7,767).

Note 2.8: Intangible Assets

GBP	Externally purchased software IMO	Externally purchased software Consolidated
Cost		
Opening Balance 01.01.2022	3,503,588	3,690,860
Additions	99,308	99,308
Exchange Rate Movement Differences	-	(5,877)
Closing Balance 31.12.2022	3,602,896	3,784,291
Accumulated Amortization		
Opening Balance 01.01.2022	3,500,994	3,653,667
Amortization charge for the year	6,764	35,982
Exchange Rate Movement Differences	-	(5,158)
Closing Balance 31.12.2022	3,507,758	3,684,491
Net Book Value		
Opening Balance 01.01.2022	2,594	37,193
CLOSING BALANCE 31.12.2022	95,138	99,800

87 Purchased intangible assets are capitalized if their cost is greater than or equal to the threshold of £500, with the exception of internally developed software where the threshold is £50,000 in view of the complexity in accurately assigning costs for development projects below this amount. The capitalized value of the internally developed software excludes those costs related to research and maintenance.

88 This note includes the effect of the revaluation of the Intangible Assets held by WMU with a net impact of £719 (2021: £6,457) resulting from the change in the value of the Swedish krona from 1 January to 31 December 2022. Opening balances are presented at the exchange rate applicable on 1 January 2022 and closing balances at the rate applicable on 31 December 2022, while depreciation charges and additions for the year are shown at the average rate of exchange, consistent with Statement I and Statement II, respectively.

Note 2.9: Payables and Accruals

	IMO		Consolidated	
	2022 GBP	2021 GBP	2022 GBP	2021 GBP
Accruals	1,512,835	1,680,028	1,730,884	1,946,976
Advances from customers	339,514	439,749	426,613	711,331
Fellowships	-	-	3,899,293	3,956,085
Deferred revenue	1,455,040	1,329,462	1,455,040	1,329,462
Condition on donor contributions	-	1,846,690	-	1,846,690
Advance contributions	3,774,085	868,312	4,845,619	2,518,884
Contributions Incentive Scheme	39,452	106,127	39,452	106,127
Refundable to donors	198,294	19,423	230,596	19,423
Other	-	-	101,259	19,311
TOTAL PAYABLES AND ACCRUALS	7,319,220	6,289,791	12,728,756	12,454,289

89 Accruals represent amounts due to vendors and staff for goods or services received or expenses incurred but not yet paid. For those items, which have not yet been invoiced and for which the cost is not yet certain, the accrued amount is based on the best estimate, most notably the provision of utilities and services delivered through the UNDP Service Clearing Account (SCA) sub-contractors, and implementing partners.

90 Advances from customers reflect payments received prior to the delivery of goods and services.

91 Fellowships and donations received and accrued for the academic year 2022/2023 relating to WMU and IMLI are apportioned over the period of the academic year. The amounts received or accrued in respect of that part of the academic year falling in 2023 are disclosed as advance receipts.

92 Deferred revenue relates to amounts received in the year for which the services have not been provided, as at the reporting date.

93 The Organization recognizes as a liability when conditions are deemed to be attached to certain voluntary contributions. Conditions may be imposed by donors on the use of contributions and include both a performance obligation to use the donation in a specified manner and an enforceable return obligation to return the donation if it is not used in the specified manner. The amount recognized as a liability is the best estimate of the amount that would be required to settle the obligation at the reporting date. IMO satisfied the conditions on voluntary contributions through performance in the specified manner, the carrying amount of the liability is reduced and an amount of revenue equal to that reduction is recognized. The breakdown of the total value of the condition on donor contributions, as at 31 December 2022 is shown below:

Condition on donor contributions	IMO		Consolidated	
	2022 GBP	2021 GBP	2022 GBP	2021 GBP
European Commission – Capacity-Building for Climate Mitigation in the Maritime Shipping Industry	-	1,627,337	-	1,627,337
European Commission – Western Mediterranean Region Marine Oil and HNS Pollution Cooperation (West MOPoCo)	-	219,353	-	219,353
TOTAL	-	1,846,690	-	1,846,690

94 Advance contributions reflect balances received from Member States during 2022 towards the 2023 assessed contributions and beyond.

95 Under the Contributions Incentive Scheme (CIS), a part of the interest earned on the General Fund is returned to the Member States, and the allocation is based on a points system reflecting the timing and amount of the receipt of their current year assessments. The accumulated CIS liability up to 2022 totalled £39,452 to be distributed during 2024.

96 Refundable to donors represent the balance of unspent contributions for projects pending refund.

Note 2.10: Provisions for warranties

	IMO		Consolidated	
	2022 GBP	2021 GBP	2022 GBP	2021 GBP
Publication sales warranties	60,773	63,032	60,773	63,032
TOTAL PROVISIONS FOR WARRANTIES	60,773	63,032	60,773	63,032

	Opening Balance 01.01.2022	Utilization	Increase	Closing Balance 31.12.2022
	GBP	GBP	GBP	GBP
IMO Publications	62,602	(14,261)	12,268	60,609
Model Courses	430	-	(266)	164
TOTAL ALLOWANCE	63,032	(14,261)	12,002	60,773

97 The Organization's sales of publications are primarily made through a network of distributors rather than directly to end users. The Organization has an established practice that, on publication of a new version of any title, distributors may return unsold copies of the previous version, in line with the IMO policy for obsolete returns with the credit being set against purchases of the new title or a refund being issued. A warranty provision has been established to reflect possible future returns of sales made during the year, the level of provision being based on the level of sales in the year and past experience of return levels.

Note 2.11: Employee Benefits

	IMO		Consolidated	
	2022	2021	2022	2021
	GBP	GBP	GBP	GBP
Current Liabilities				
Short-term employee benefits	159,579	149,298	249,027	188,078
Termination benefits	70,274	200,594	70,274	200,594
Total Current Employee Benefits	229,853	349,892	319,301	388,672
Non-Current Liabilities				
Post-employment benefits				
After service health insurance	44,603,198	42,559,760	44,603,198	42,559,760
Repatriation	4,454,975	4,612,147	5,809,420	5,639,332
Accrued Annual Leave	3,434,769	3,485,790	4,062,584	4,050,226
Total Non-Current Employee Benefits	52,492,942	50,657,697	54,475,202	52,249,318
TOTAL EMPLOYEE BENEFITS LIABILITIES	52,722,795	51,007,589	54,794,503	52,637,990

2.11.1: Valuation of Employee Benefits Liabilities

98 Current employee benefits are calculated by IMO based on personnel data and past payment experience. Non-Current employee benefits liabilities are determined by professional actuaries. As at 31 December 2022, total employee benefits liabilities amounted to £52,722,795 (2021: £51,007,589).

99 In determining its post-employment liabilities, WMU eligible staff members are entitled to the payment of repatriation grant, repatriation travel and shipment of household goods, and unused annual leave up to the maximum of 60 days. In determining the liability for such costs as at the reporting date, the University uses the following basis: home leave – the cost of a return trip to home country for the staff member and eligible dependants spread over two years; accrued annual leave - based on the balance of unused annual leave days and the current monthly salary rate plus post adjustment; repatriation grant – number of years in-service and current monthly salary rate; and repatriation travel - prevailing market prices from the duty station to the home country to which the staff member and eligible dependents; and repatriation shipment cost – based on the lump sum amount for staff with spouse and single status, if any are entitled to return.

2.11.2: Short-Term Employee Benefits

100 Short-term employee benefits comprise mainly of wages and payroll-related allowances, first time employee benefits, education grant-related benefits, and other benefits such as home leave and paid annual leave, and sick leave.

101 Short-term employee benefits are expected to be settled within 12 months after the end of the period in which the employees render the related service and are measured at their nominal values based on past payment experience.

102 There was a decrease in short-term employee benefit liabilities of £120,039 from £349,892 to £229,853 for IMO and £69,371 from £388,672 to £319,301 for consolidated. This is mainly due to payments of termination benefits to separating staff in IMO offset by an increase in home leave liability for consolidated.

2.11.3: Post-Employment Benefits

103 Arrangements relating to the UNJSPF are set out in Note 2.11.7.

104 ASHI is a plan that allows eligible retirees and their eligible family members to participate in the Cigna Medical Scheme for 50% of the cost of the contribution of active staff members for the defined type of coverage. The Organization subsidizes the remaining amount of the premium to be paid to the third-party insurer. Membership of Cigna is compulsory for all new employees, although participation in the ASHI scheme after retirement is voluntary and requires retiring employees to meet certain conditions for the length of service. Cigna is the main third-party insurance provider for ASHI benefits; however, there are still a small number of retirees covered by the former insurer, BUPA. (British United Provident Association).

105 Repatriation benefits consist of a repatriation grant lump sum, travel of the staff member and eligible dependants and shipment of their personal effects. As of 1 July 2017, the repatriation benefit relating to the shipment of personal effects may be taken as a lump sum payment. The Organization pays the amounts due for repatriation grant, travel and relocation expenses for the entitled staff members.

106 The liabilities include the current service costs and the interest costs for 2022, less benefit payments made and, where applicable, plan participants' contributions.

2.11.4: Other Long-Term Employee Benefits

107 Although annual leave is a short-term employee benefit, the right to receive payment for unused annual leave and, consequently, the Organization's liability for this balance, is shown as a long-term employee benefit as that right only crystallizes on separation, typically more than 12 months from the reporting date.

2.11.5: Termination Employee Benefits

108 As of 31 December 2022, there is a termination indemnity liability of £70,274 for the separation of staff members in accordance with IMO's established Staff Regulations and Staff Rules.

2.11.6: Actuarial Valuations of Post-Employment and Other Separation Related Benefits

109 Liabilities arising from post-employment benefits and other long-term employee benefits (i.e., accrued unused annual leave) are determined by consulting actuaries using the Projected Unit Credit Method. These employee benefits are established for those staff members who are entitled to such benefits under the IMO Staff Regulations and Staff Rules. Actuarial valuations are typically undertaken every two years. The most recent valuation was conducted as at 31 December 2021.

2.11.6.1: Actuarial Assumptions and Methods

110 IMO and the actuary review and select assumptions that will be used by the actuaries to estimate the post-employment and accrued unused annual leave employee liabilities for IMO, as at 31 December 2021, based on the expenditure projections for the reporting period.

31 December 2021		31 December 2019
General assumptions		
Discount rate	2.0% p.a.	2.10% p.a.
General inflation for salary increases	2.9% p.a.	2.0% p.a.
Mortality	95% of S3PA tables	95% of S3PA tables
Mortality improvements	CMI_2020 core model projections with a long-term improvement rate of 1.25% pa, an initial addition parameter of 0% and a 0% 2020 data weighting	CMI_2018 projections with a long-term improvement rate of 1.25% pa
Withdrawal rates	3.25% pa fixed for all ages	
Retirement rates	All members retire at their Normal Retirement Age	
Assumptions used to value ASHI benefits		
Participation after retirement	95% of eligible members are assumed to continue coverage after retirement. It is assumed that coverage will not be dropped once elected.	
Spouses	For current employees it is assumed that 60% will elect for coverage for their spouse at retirement. Males are assumed to be three years older than their spouse.	
Medical inflation - healthcare trend increases	4.25% p.a. fixed	4% p.a. fixed
Medical inflation - Ageing increases	3.5% p.a. for those under 65, 2.5% p.a. for those between 65 and 70 reducing in five-year age bands to nil for those over age 90.	
Assumptions used to value repatriation benefits		
Participation	All eligible employees will receive the benefit on separation from service subject to completing five years' service.	
Age-related salary scale	General inflation plus an age-related scale of 6.1% pa at age 20 reducing on a straight-line basis to 1.0% pa at age 60 for professional staff, and from 3.9% pa at 20 to 1.0% pa at age 65 for general staff.	
Increases in repatriation travel costs	In line with general inflation.	
Assumptions used to value annual leave plan		
Participation	All eligible employees will receive the benefit on separation from service.	
Age-related salary scale	As for repatriation benefit.	
Increases in annual leave balance	Based on completed service – 10.9% pa in years 1 to 3, 1.0% p.a. for years 4 to 8 of service and 0.5% pa thereafter.	

2.11.6.2: Reconciliation of Defined Benefit Obligation

IMO	After-Service Health Insurance Plan GBP	Repatriation Benefit Plan GBP	Accrued Annual Leave Plan GBP	Total GBP
Defined Benefit Obligation as at 01.01.2022	42,559,760	4,612,147	3,485,790	50,657,697
Service cost	1,926,426	195,848	50,196	2,172,470
Interest cost	844,039	90,837	67,273	1,002,149
Actual cost for 2022	(727,027)	(443,857)	(168,490)	(1,339,374)
DEFINED BENEFIT OBLIGATION AS AT 31.12.2022	44,603,198	4,454,975	3,434,769	52,492,942

111 Service costs and interest costs are included as part of "Staff and Other Personnel Costs" in the Statement of Financial Performance.

112 The service and interest costs are based on the actuarial projection for 2022 that was carried out as at 31 December 2021.

113 None of the employee benefit liabilities associated with WMU and IMLI have been subject to actuarial estimate, and consequently, the table above reflects both IMO and consolidated positions.

2.11.6.3: Summary of Prior Year Amounts

114 The breakdown of the cumulative amounts of the net actuarial (gains)/losses up to 2022 are presented below:

IMO	After-Service Health Insurance Plan GBP	Repatriation Benefit Plan GBP	Accrued Annual Leave Plan GBP	Total GBP
Accumulated actuarial loss as at 01.01.2022	5,880,764	981,162	3,077,674	9,939,600
Actuarial (gain)/loss in 2022	-	-	-	-
ACCUMULATED ACTUARIAL LOSS AS AT 31.12.2022	5,880,764	981,162	3,077,674	9,939,600

IMO	31.12.2022	31.12.2021	31.12.2020	31.12.2019	31.12.2018
	GBP	GBP	GBP	GBP	GBP
ASHI					
Present Value of Defined Benefit Obligation	44,603,198	42,559,760	43,962,547	41,740,761	40,172,966
Experience (gain)/loss on Scheme Liabilities	-	(6,378,282)	-	(6,519,900)	-
Loss/(Gain) on changes in assumptions used to value Scheme liabilities	-	3,056,369	-	6,211,743	(2,091,480)
Repatriation					
Present Value of Defined Benefit Obligation	4,454,975	4,612,147	4,622,360	4,560,544	2,992,525
Experience (gain)/loss on Scheme Liabilities	-	(405,547)	-	894,872	-
Loss/(Gain) on changes in assumptions used to value Scheme liabilities	-	262,716	-	359,368	-
Annual Leave					
Present Value of Defined Benefit Obligation	3,434,769	3,485,790	2,475,977	2,518,334	2,213,147
Experience loss on Scheme Liabilities	-	864,843	-	141,648	-
Loss/(Gain) on changes in assumptions used to value Scheme liabilities	-	288,706	-	199,187	-
Total (ASHI, REP, AL)					
Present Value of Defined Benefit Obligation	52,492,942	50,657,697	51,060,884	48,819,639	45,378,638
Experience (gain)/loss on Scheme Liabilities	-	(5,918,986)	-	(5,483,380)	-
Loss/(Gain) on changes in assumptions used to value Scheme liabilities	-	3,607,791	-	6,770,298	(2,091,480)

2.11.6.4: Expected Costs during 2023

115 The expected contribution of IMO in 2023 to the Termination Benefit Fund is £1,272,000 (2022 estimate: £1,093,000). This has been derived from the 2022 actual costs, with ASHI payments remaining unchanged for 2022 and the repatriation and annual leave payments increasing in line with general inflation, adjusted for expected rates of separation.

2.11.7: United Nations Joint Staff Pension Fund

116 IMO is a member organization participating in the United Nations Joint Staff Pension Fund (the "Fund"), which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits to employees. The Fund is a funded, multi-employer defined benefit plan. As specified in Article 3(b) of the Regulations of the Fund, membership in the Fund shall be open to the specialized agencies and to any other international, intergovernmental organization which participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies.

117 The Fund exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual organizations participating in the Fund. The Organizations and the Fund, in line with the other participating organizations in the Fund, are not in a position to identify the Organization's proportionate share of the defined benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Hence, the Organization has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 39, Employee Benefits. The Organization's contributions to the Fund during the financial period are recognized as expenses in the Statement of Financial Performance.

118 The Fund's Regulations state that the Pension Board shall have an actuarial valuation made of the Fund at least once every three years by the Consulting Actuary. The practice of the Pension Board has been to carry out an actuarial valuation every two years using the Open Group Aggregate Method. The primary purpose of the actuarial valuation is to determine whether the current and estimated future assets of the Fund will be sufficient to meet its liabilities.

119 The Organization's financial obligation to the Fund consists of its mandated contribution, at the rate established by the United Nations General Assembly (currently at 7.9% for participants and 15.8% for member organizations) together with any share of any actuarial deficiency payments under Article 26 of the Regulations of the Pension Fund. Such deficiency payments are only payable if and when the United Nations General Assembly has invoked the provision of Article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Fund as of the valuation date. Each member organization shall contribute to this deficiency an amount proportionate to the total contributions which each paid during the three years preceding the valuation date.

120 The latest actuarial valuation for the Fund was completed as of 31 December 2021, and a roll forward of the participation data as of 31 December 2021 to 31 December 2022 will be used by the Fund for its 2022 financial statements.

121 The actuarial valuation as of 31 December 2021 resulted in a funded ratio of actuarial assets to actuarial liabilities of 117.0% (107.1% in the 2019 valuation). The funded ratio was 158.2% (144.4 % in the 2019 valuation) when the current system of pension adjustments was not taken into account.

122 After assessing the actuarial sufficiency of the Fund, the Consulting Actuary concluded that there was no requirement, as of 31 December 2021, for deficiency payments under Article 26 of the Regulations of the Fund as the actuarial value of assets exceeded the actuarial value of all accrued liabilities under the plan. In addition, the market value of assets also exceeded the actuarial value of all accrued liabilities as of the valuation date. At the time of this report, the General Assembly has not invoked the provision of Article 26.

123 Should Article 26 be invoked due to an actuarial deficiency, either during the ongoing operation or due to the termination of the Fund, deficiency payments required from each member organization would be based upon the proportion of that member organization's contributions to the total contributions paid to the Fund during the three years preceding the valuation date. Total contributions paid to the Fund during the preceding three years (2019, 2020 and 2021) amounted to \$8,505.27 million, of which 0.38% was contributed by the Organization.

124 During 2022, contributions paid to the Fund amounted to \$10.74 million (2021: \$11.00 million). Expected contributions due in 2023 are approximately \$11.50 million.

125 Membership of the Fund may be terminated by decision of the United Nations General Assembly, upon the affirmative recommendation of the Pension Board. A proportionate share of the total assets of the Fund at the date of termination shall be paid to the former member organization for the exclusive benefit of its staff who were participants in the Fund at that date, pursuant to an arrangement mutually agreed between the organization and the Fund. The amount is determined by the United Nations Joint Staff Pension Board based on an actuarial valuation of the assets and liabilities of the Fund on the date of termination; no part of the assets which are in excess of the liabilities are included in the amount.

126 The United Nations Board of Auditors carries out an annual audit of the Fund and reports to the Pension Board and to the United Nations General Assembly on the audit every year. The Fund publishes quarterly reports on its investments, and these can be viewed by visiting the Fund at www.unjspf.org.

Note 2.12: Leases

2.12.1: Finance Leases

127 The Organization does not have any leases that could be considered as finance leases in 2022.

2.12.2: Operating Leases

128 The operational leases are for the Organization's Headquarters building, the rental of coffee machines, and the multifunctional office photocopiers/printers. The estimated future minimum lease payments under these leases are set out in the table below:

	IMO		Consolidated	
	2022	2021	2022	2021
Estimated future minimum Lease Payments	GBP	GBP	GBP	GBP
Not later than one year	1,237,626	1,260,333	1,237,626	1,260,333
Later than one year and not later than five years	5,995,850	6,037,725	5,995,850	6,037,725
Later than five years	4,783,004	5,978,755	4,783,004	5,978,755
TOTAL ESTIMATED FUTURE MINIMUM LEASE PAYMENTS	12,016,480	13,276,813	12,016,480	13,276,813

129 The lease costs will be spread over the term of the lease on a straight-line basis.

130 The building lease is with the United Kingdom government. This lease expires on 28 October 2032 and does not contain a break clause, nor does it contain renewal or purchase options. The significant lease arrangements are highlighted below:

- Alterations: The Organization is not entitled to make alterations or additions affecting the structure or the main services of the premises without written approval of the Landlord, the United Kingdom government.
- Under-letting: When under-letting the building, the Organization must first offer to underlet to the landlord.
- Letting out of conference facilities: When letting out conference facilities for commercial purposes, the Organization is required to "consider as a priority any request given with adequate prior notice by the Landlord"; and
- Sharing of income and expenses: The lease agreement requires the sharing of all income from 'Net Rental' and all costs of "Major Repairs" on an 80:20 basis between the Government of the United Kingdom and the Organization.

Note 2.13: Fund Balances and Reserves

IMO	Opening Balance	Operating Surplus	Other	Closing Balance
	01.01.2022	(Deficit)	Movements	31.12.2022
	GBP	GBP	GBP	GBP
General Fund	15,961,609	2,873,303	-	18,834,912
Working Capital Fund	1,858,258	(553,277)	-	1,304,981
Trading Fund	7,581,066	809,729	-	8,390,795
Termination Benefit Fund	(34,656,994)	(1,799,226)	-	(36,456,220)
HQ Capital Fund	3,673,858	392,752	-	4,066,610
Technical Cooperation Fund	17,043,138	334,077	-	17,377,215
Bilateral Operations and Multi-Donor Trust Funds¹:				
Norway	7,070,649	1,957,902	-	9,028,551
Delivering Strategy and Reform – Voyage Together	5,076,773	1,170,305	-	6,247,078
United Nations Office on Drugs and Crime	2,045,416	486,141	-	2,531,557
Model Courses Development Trust Fund	1,420,101	8,189	-	1,428,290
China	1,256,359	113,935	-	1,370,294
Member States Professionals	802,346	465,261	-	1,267,607
International Maritime Security Trust (IMST) Fund	1,121,188	80,876	-	1,202,064
GESAMP Trust Fund	891,554	245,493	-	1,137,047
United States of America	312,638	624,889	-	937,527
United Nations Development Programme (UNDP)	439,926	285,681	-	725,607
Republic of Korea	539,084	68,746	-	607,830
Research and Development Trust Fund	442,372	137,553	-	579,925
United Nations Environment Programme (REMPEC)	(130,754)	693,239	-	562,485
Other Bilateral Operations and Multi-Donor Trust Funds ²	4,575,178	651,416	-	5,226,594
TOTAL	37,323,765	9,046,984	-	46,370,749

Consolidated	Opening Balance	Operating Surplus	Other	Closing Balance
	01.01.2022	(Deficit)	Movements	31.12.2022
	GBP	GBP	GBP	GBP
TOTAL	54,187,165	12,566,332	(254,118)	66,499,379

131 The Organization maintains separate accounts for each Fund, which are combined into seven groups for reporting purposes as set out above.

¹ All funds and bilateral agreements with closing balances in excess of £500,000 are disclosed separately, with other funds being aggregated under 'Other Bilateral Operations and Multi-Donor Trust Funds'.

² Governments of Australia, Belgium, Canada, Egypt, Germany, Ghana, Italy, Malaysia, Malta, Netherlands, Nigeria, Saudi Arabia, United Arab Emirates, United Kingdom, European Commission, International Transport Workers Federation, Norwegian Agency for Development Corporation (NORAD), Union of Greek Ship-owners, BallastWater TV Documentary, Djibouti Code of Conduct Trust Fund, Global Industry Alliance Fund (GloFouling and GloMEEP), Goal-Based Ship Construction Standards (GBS) Trust Fund, IMO Malacca and Singapore Straits Trust Fund, IMO West and Central Africa Maritime Security Trust Fund, IMO/REMPEC Trust Fund, International Search & Research Fund (SAR), International Ship Recycling Trust Fund, London Convention-Protocol TC Trust Fund, Marine Pollution Response Fund, Revision of the STCW Convention, Seminars and Workshops and Tsunami Relief Fund, United Nations Environment Programme.

132 The General Fund was established for the purpose of accounting for the expenditure of the Organization. A Special Contingency Account in the General Fund was established by Assembly resolution A.1063(28). The initial funding of the Account shall be set at £2 million, which shall be secured from the expenditure savings generated in the regular budget in the 2012-2013 biennium. The Special Contingency Account was established to offset or reduce any forecast overrun in such appropriations on a pay rise decided by the International Civil Service Commission (ICSC).

133 The Working Capital Fund was originally established as a US dollar-based Fund by Assembly resolution A.19(I) and was converted to sterling with effect from 1 January 1988 by Assembly resolution A.633(15)B. The purpose of the Fund is to make advances, if necessary, to finance the budgetary appropriations of the Regular Budget to cover temporary cash flow deficits. Assembly resolution A.1039(27) further authorized the Secretary-General to use the fund as a reserve to account for currency gains or losses in the regular budget arising from differences between the United Nations operational rate of exchange and the rate against the pound sterling adopted for calculation of the appropriation. It also authorizes the Secretary-General to advance such sums from the Working Capital Fund as may be necessary to meet unforeseen or extraordinary expenses arising during the biennium, with the prior agreement of the Council, provided that such expenses are of a clearly exceptional nature and relate specifically to the Strategic and High-level Action plans of the Organization and that the Council is assured that the relevant expenditure cannot be met by appropriate transfer action within the total budget approved for a calendar year.

134 The Printing Fund was established with effect from 1 January 1966 by Assembly resolution A.100(IV) to provide for the production and sales of IMO publications, being subsequently replaced by the Trading Fund through Assembly resolution A.1014(26), broadening its terms of reference to encompass the Organization's current commercial activities.

135 The Termination Benefit Fund was established with effect from 1 January 1996 by Assembly resolution A.837(19) at an initial level of £900,000 to meet the costs associated with termination benefits to staff of the Organization. The fund covers the termination benefits, repatriation costs (including grants, shipment, and travel), and financing and accounting of the liabilities related to the costs of accrued annual leave and after-service health insurance (ASHI) as per Assembly resolution A 31/Res.1132.

136 The Technical Cooperation Fund was originally established with effect from 1 January 1986 by Assembly resolution A.593(14) as a US dollar-based fund, the interest income from which was used to assist the Technical Cooperation Programme of the Organization in accordance with the proposal supported by the Assembly in biennial budgets. The Fund was converted to a sterling-based fund with effect from 1 January 1996 by Assembly resolution A.837(19). By that resolution, the scope of the Fund was widened to enable funds to be drawn down and applied to technical cooperation activities.

137 The Headquarters Capital Fund was established with effect from 1 January 1994 by Assembly resolution A.778(18) to meet the capital expenditure necessary for the efficient operation of the Organization and for fulfilling the Organization's liabilities under the terms of the Lease for the Headquarters building between the Organization and the Government of the United Kingdom. The scope of the Headquarters Capital Fund was widened to include expenditure on the design, installation and implementation of information technology systems, including training on these systems.

138 Trust Funds are established to account for the expenditures related to the activities financed from the respective donors. Fund balances represent the unexpended portion of contributions that are intended to be utilized in future operational requirements consistent with the Terms of Reference of

the Fund. These constitute IMO's residual interest in the assets after deducting all its liabilities.

NOTE 3: REVENUE

Note 3.1: Assessed Contributions

139 Total assessed contributions for 2022 amounted to £33,616,000 (2021: £33,616,939) from 175 Member States and 3 Associate Members and the organization's 10 largest contributors are shown below. Assessed contributions are based on a flat base rate with additional components based on economic factors using UN index and merchant fleet tonnage. WMU and IMLI do not receive assessed contributions.

IMO	Member States	Amount GBP	% of total assessment
1	Panama	4,831,315	14.4
2	Liberia	4,088,887	12.2
3	Marshall Islands	3,578,929	10.6
4	China	1,922,417	5.7
5	Singapore	1,884,351	5.6
6	Malta	1,727,002	5.1
7	Hong Kong	1,374,268	4.1
8	Bahamas	1,248,045	3.7
9	United Kingdom	1,019,253	3.0
10	Japan	870,855	2.6
TOTAL		22,545,322	67.1

140 In determining each Member's assessment, the formula established by Assembly resolution A.726(17) has been applied. This provides for: (1) a minimum assessment, calculated at 2.94% of the total assessment divided equally between Member States and 50% for Associate Members; (2) a basic assessment, calculated at 12.5% of the total assessment less the minimum assessment. The United Nations General Assembly seventy-sixth session scale of assessments for 2022-2024 has been applied in determining the basic assessment; and (3) a tonnage assessment, calculated at 87.5% of the total assessment less the minimum assessment and is determined by the gross registered tonnage attributable to Member States, as provided by IHS Markit Maritime & Trade, following the procedures established in Circular letter No.3347.

Note 3.2: Donor Voluntary Contributions

141 Contributions through donor agreements are recognized as revenue at the point of signature, except to the extent that such agreement contains a condition within the meaning of IPSAS 23 – "Revenue from Non- Exchange Transactions" such that the contributions must be returned if the condition is not met. For agreements which do contain such a condition, revenue is recognized as the project is delivered.

142 Revenue from contributions received from donors during the reporting period amounted to £13,161,091 (2021: £10,555,607) and the Organization's 10 largest contributors for 2022 are shown below:

IMO	Donor	Amount GBP	% of total donor revenue
1	Norway	2,938,550	22.3
2	United Nations Office on Drugs and Crime (UNODC)	2,005,589	15.2
3	Republic of Korea	1,898,432	14.4
4	European Commission	1,735,971	13.2
5	United Nations Environment Programme (UNEP)	1,228,804	9.3
6	United Nations Development Programme (UNDP)	1,091,500	8.3
7	Japan	497,374	3.8
8	Kingdom of Saudi Arabia	378,842	2.9
9	Australia	331,519	2.5
10	United States of America	277,875	2.1
TOTAL		12,384,456	94.1

143 Donor contributions fluctuate year to year due to the timing of the recognition of revenue.

144 The consolidated revenue received from donor contributions amounted to £19,506,795 (2021: £16,790,794). The 10 largest contributors to donor revenue in 2022 are shown below:

Consolidated	Donor	Amount GBP	% of total donor revenue
1	Norway	2,948,708	15.1
2	Nippon Foundation	2,671,970	13.7
3	Sweden	2,521,541	12.9
4	Republic of Korea	2,118,947	10.9
5	United Nations Office on Drugs and Crime (UNODC)	2,005,589	10.3
6	European Commission	1,796,079	9.3
7	United Nations Environment Programme (UNEP)	1,228,804	6.3
8	United Nations Development Programme (UNDP)	1,091,500	5.6
9	Japan	497,374	2.5
10	Kingdom of Saudi Arabia	378,842	1.9
TOTAL		17,259,354	88.5

Note 3.3: Commercial Activities

145 Key commercial revenue streams for the Organization and the consolidated group are shown below:

	IMO		Consolidated	
	2022 GBP	2021 GBP	2022 GBP	2021 GBP
Publication Sales	13,417,769	11,773,600	13,417,346	11,773,600
Cafeteria Sales	529,894	336,493	529,894	336,493
Assessment, membership, and verification audit fees	702,197	234,055	702,197	234,055
Letting of conference facilities and other commercial revenue	447,381	466,995	2,321,799	2,328,259
TOTAL	15,097,241	12,811,143	16,971,236	14,672,407

146 The major components of IMO Publication Sales are shown below:

	2022 GBP	2021 GBP
Sale of physical publications	8,794,849	7,720,813
Electronic publications	2,250,887	2,210,284
Royalties	2,088,960	1,588,977
Subscriptions	238,144	199,870
Model Courses	41,889	51,889
Other publications	3,040	1,767
TOTAL PUBLICATION SALES	13,417,769	11,773,600

147 Revenue from publication sales totalling £13.4m (2021: £11.8m) has increased by 14% from 2021. The increase is mainly due to new editions of major titles, such as the IAMSAR Manual and the 2022 Consolidated Edition of MARPOL. The sale of physical publications accounted for the majority of publication sales (66%). The sale of digital offerings, consisting of electronic publications, royalties, and subscriptions, has shown a sustained percentage of 34% over the total publications sales in 2022 (2021: 34%).

Note 3.4: Fellowships

148 Both WMU and IMLI receive funds for fellowships to support students. IMO does not receive such revenue, and consequently, only the consolidated figures are shown, which amounted to £6,157,231 for 2022 (2021: £6,022,656). The five largest aggregate contributors are listed below:

Sponsors	Amount GBP	% of total donor revenue
1 Nippon Foundation	1,948,416	31.6
2 Nigerian Maritime Administration and Safety Agency (NIMASA)	457,674	7.4
3 International Transport Workers' Federation	381,342	6.2
4 Republic of Korea	364,447	5.9
5 Norway	306,685	5
TOTAL	3,458,564	56.1

Note 3.5: Other Revenue

149 The most significant sources of other revenue are set out below:

	IMO		Consolidated	
	2022 GBP	2021 GBP	2022 GBP	2021 GBP
Interest earned	932,177	62,031	1,127,908	218,132
Other revenue	103,146	183,945	276,648	683,303
TOTAL	1,035,323	245,976	1,404,556	901,435

150 The increase in other revenue is mainly attributable to higher interest earned in 2022. Interest income on the investment of excess funds increased from £62,301 in 2021 to £932,177 in 2022 for IMO and from £218,132 in 2021 to £1,127,908 in 2022 for the consolidated. For IMO, this is mainly due to robust investment strategies adopted in 2022.

NOTE 4: EXPENSES

	IMO		Consolidated	
	2022	2021	2022	2021
	GBP	GBP	GBP	GBP
4.1: Staff and other personnel costs				
Professional and General Service staff, experts	30,289,335	29,105,001	38,536,786	37,215,272
Appointment and separation	3,162,534	2,779,451	3,307,391	2,818,058
Termination benefit	307,763	321,898	307,763	321,898
Consultants	3,794,993	2,320,488	4,847,345	3,103,698
Temporary assistance	1,546,133	1,692,770	1,555,654	1,701,927
Meetings personnel (interpreters, translators, temporary employees)	1,058,678	909,926	1,058,678	909,926
Total staff and other personnel costs	40,159,436	37,129,534	49,613,617	46,070,779
4.2: Travel expenses				
Fares	1,110,017	99,193	1,500,436	171,964
Daily Subsistence Allowance and other expenses	799,801	123,990	1,048,682	193,153
Total travel expenses	1,909,818	223,183	2,549,118	365,117
4.3: Supplies, consumables and other running costs				
Office supplies and consumables	54,955	127,680	85,016	159,319
Telecommunications and information technology	1,686,729	1,826,566	1,867,410	2,009,751
Rent, rates and insurance	1,451,067	1,436,777	1,479,173	1,462,524
Utilities	1,054,048	659,138	1,078,462	682,251
Medical costs	16,218	16,146	16,218	16,146
Library books, magazines, subscriptions	16,159	35,587	217,230	239,629
Hospitality	967	31,371	84,271	60,863
Vehicle, local transport and hotel accommodation	19,981	11,044	28,053	27,327
Postage, telephone and freight	460,960	350,350	526,184	425,549
Equipment, furniture and local procurement	717,562	1,007,385	659,832	996,196
Building maintenance	2,047,958	1,834,571	2,079,486	1,845,037
Other operational costs	-	-	394,166	259,473
Total supplies, consumables and other running costs	7,526,604	7,336,615	8,515,501	8,184,065
4.4: Costs related to trading activities				
Cost of Sales IMO Publications	858,316	756,964	858,316	756,964
Cost of Sales Model courses	5,486	6,804	5,486	6,804
Loss/(gain) on Physical Inventory	(4,482)	(2,992)	(3,485)	(2,908)
Publications issued free of charge	23,936	1,452	23,936	1,452
Provision for return of obsolete publications	12,002	38,766	12,002	38,766
Printing (contract - out)	4,371	9,918	4,371	9,918
Electronic publishing (IMO/Vega)	157,562	198,015	157,562	198,015
Catering food and supplies	501,305	190,908	501,305	190,908
Public relations articles held by WMU	-	-	10,963	5,245
Total costs related to trading activities	1,558,496	1,199,835	1,570,456	1,205,164

	IMO		Consolidated	
	2022	2021	2022	2021
	GBP	GBP	GBP	GBP
4.5: Outsourced services				
Security services	33,417	14,318	76,950	57,631
Cleaning services	799	-	194,361	160,097
Telecommunications/IT related services	-	-	52,660	44,105
Catering services	-	-	132,412	146,325
Leases	46,338	53,714	46,338	53,714
Sub-contract delivery of Technical Cooperation activities	645,469	601,712	645,469	601,712
Total outsourced services	726,023	669,744	1,148,190	1,063,584
4.6: Training and development				
Staff training	31,550	29,102	44,535	69,274
Fellowships	1,449,063	573,445	2,518,356	1,971,605
Group training including participant travel	2,522,008	585,189	2,513,368	408,675
Student costs (WMU and IMLI)	-	-	206,393	163,848
Total training and development	4,002,621	1,187,736	5,282,652	2,613,402
4.7: Depreciation, amortization and impairment				
Depreciation of property, plant and equipment	485,987	678,594	674,264	800,154
(Gain)/loss on disposal of property, plant and equipment	-	-	3,024	-
Amortization of intangible assets	6,764	6,404	35,982	58,792
Impairment of IMO publications	5,529	69,169	5,529	69,171
Total depreciation, amortization and impairment	498,280	754,167	718,799	928,117
4.8: Return of unspent funds	43,723	136,459	43,723	136,459
4.9: Other expenses				
Jointly financed UN bodies	104,596	112,289	104,596	112,289
Bank charges	190,141	164,805	220,595	196,146
External audit	56,716	56,608	95,209	93,412
Other miscellaneous expenses	580,885	319,662	701,376	495,518
Total other expenses	932,338	653,364	1,121,776	897,365
4.10: Currency exchange gain/(loss)	3,494,668	67,229	5,474,346	1,329,372

151 Staff and other personnel costs include salaries, fees, employee benefits, and other costs associated with staff, project experts and support personnel, consultants, temporary assistance, and meeting personnel (interpreters, translators and temporary employees) of all headquarters and field staff employed by IMO.

152 Travel includes the cost of the fares, DSA, and other associated expenses of the mission of staff members, project experts, and consultants. The costs of home leave travel, recruitment travel, and repatriation travel are reported under 4.1 – Staff and other personnel costs and the students' travel and field trips costs are accounted for under 4.6 – Training and development.

153 Supplies, consumables and other running costs primarily include the cost of running the headquarters and field office buildings, including rent paid under the building lease with the Government of the United Kingdom of £1,195,751 (2021: £1,195,751).

154 Costs related to trading activities include the cost of all commercial sales within the meaning of IPSAS 9 – "Revenue from Exchange Transactions" but excludes staff costs and common overhead costs.

155 Outsourced services include the costs of the most significant outsourcing arrangements in place, namely those for the provision of security, cleaning and building management services. Sub-contracts under the technical cooperation and extrabudgetary activities are also reported under this expense category.

156 Training and development include the cost of staff training incurred under the regular budget, and the fellowship and group training costs incurred under the Technical Cooperation Fund and various donor trust Funds.

157 Return of unspent funds represents the refund of the remaining balances of contributions after the financial closure of the related projects or activities as agreed with the donor.

158 Other expenses include shared costs of jointly financed UN bodies, public information (including IMO News and publicity), bank charges and external audit fees.

NOTE 5: STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

159 Explanations of material differences between the original budget and the final budget as well as between the final budget and the actual amounts are presented under the Financial and Budget Performance Highlights section of the Secretary-General's Statement.

160 The Organization's budget and accounts are prepared on different bases. The Statement of Financial Performance (Statement II) is prepared on a full accrual basis using a classification based on the nature of expenses, whereas the Statement of Comparison of Budget and Actual Amounts (Statement V) is prepared on a modified accrual basis. In this respect, it is required under IPSAS 24 that actual amounts presented in Statement V should be reconciled to the actual amounts presented in the financial statements, specifically the net cash flows from operating activities, investing activities, and financing activities, derived by identifying differences relating to basis, presentation and entity.

161 Basis differences occur when the approved budget is prepared on a basis other than the accounting basis. For IMO, the budget is prepared on a modified accruals basis and the financial statements are prepared on a full accruals basis in accordance with IPSAS, and as a result basis differences arise in particular for long-term assets and liabilities. One example is Property, Plant and Equipment, where budget expenditure is recognized on the purchase of a new asset while the IPSAS-based expenditure recognized in Statement II shows depreciation over the life of the asset.

162 Entity differences occur when the budget omits programmes or entities that are part of the entity for which the financial statements are prepared. For IMO, the Organization's extrabudgetary and donor-funded programmes are not a part of the budgetary approval process of the Assembly and the Council and so are not included in Statement V, and consequently, the revenue and expenses relating to such programmes are an entity difference.

163 Presentation differences occur as a result of differences in the format and classification schemes adopted for the presentation of the Statement of Cash Flow and the Statement of Comparison of Budget and Actual Amounts, in particular in relation to the reflection of transfers from the surplus of the Trading Fund which then forms the basis for a proportion of the approved budget of other Funds. These amounts are shown separately for budget comparison purposes but are eliminated when preparing the overall IMO position shown in Statements II and IV.

164 Timing differences occur when the budget period differs from the reporting period reflected in the financial statements. There is no timing difference for IMO, for the purposes of comparison between budget and actual amounts.

165 The reconciliation between the actual amounts on a comparable basis in the Statement of Comparison of Budget and Actual Amounts (Statement V) and the actual amounts in the Statement of Cash Flow (Statement IV) for the year ended 31 December 2022 is shown below. Budget amounts have been presented on a functional classification basis in accordance with the approved budget for 2022, which presents a breakdown of the budget for purposes of the above comparison. The amount of budgetary surplus of £973,705 for 2022 shown in Statement V(a) which is for IMO only, has been reconciled to the net increase in cash and cash equivalents of £8,831,409 presented in Statement IV (IMO 2022), and the details of the reconciliation are presented in the table below. Operating activities in the table below includes two figures shown separately in Statement IV – the positive effect of exchange rate changes on cash and cash equivalents of £281,081.

Adjustments pertaining to cash flows from:		Operating activities	Investing activities	Financing activities	Total
IMO		GBP	GBP	GBP	GBP
Actual amounts on a comparable basis as presented in the Budget and Actual comparative Statement	A	973,705			973,705
Basis differences	(a)	(5,484,352)	(1,139,531)	-	(6,623,883)
Entity differences	(b)	6,326,665	(191,607)	-	6,135,058
Presentation differences	(c)	8,346,529	-	-	8,346,529
Total Differences	B=a+b+c	9,188,842	(1,331,138)	-	7,857,704
ACTUAL AMOUNTS IN THE STATEMENT OF CASH FLOWS	C=A+B	10,162,547	(1,331,138)	-	8,831,409

166 The reconciliation of the amount of surplus of £2,821,300 shown in Statement V(b) which is for the consolidated entity including WMU and IMLI, has also been made to the net increase in cash and cash equivalents of £12,444,685 indicated in Statement IV (Consolidated 2022), as shown in the table below. While IMO's budget is approved by the IMO Assembly, the budgets of WMU and IMLI are approved by their separate governing bodies – the Board of Governors (WMU) and the Governing Board (IMLI). As neither WMU nor IMLI's budgets are approved by IMO's governing body, the IMO Assembly, both are treated as part of the entity differences in the reconciliation table shown below with a total amount of £7,900,739 for both WMU and IMLI.

Adjustments pertaining to cash flows from:		Operating activities	Investing activities	Financing activities	Total
Consolidated		GBP	GBP	GBP	GBP
Actual amounts on a comparable basis as presented in the Budget and Actual comparative Statement	A	2,821,300			2,821,300
Basis differences	(a)	(5,484,352)	(1,139,531)	-	(6,623,883)
Entity differences	(b)	8,111,835	(211,096)	-	7,900,739
Presentation differences	(c)	8,346,529	-	-	8,346,529
Total Differences	B=a+b+c	10,974,012	(1,350,627)	-	9,623,385
ACTUAL AMOUNTS IN THE STATEMENT OF CASH FLOWS	C=A+B	13,795,312	(1,350,627)	-	12,444,685

167 As noted in paragraph 160, IMO's budget is prepared on a 'modified accruals' basis, while both WMU and IMLI budget on a full accrual basis.

NOTE 6: SEGMENT REPORTING**Note 6.1: Segmental Statements of Financial Position as at 31 December 2022****Note 6.1.1: Statement of Financial Position by Segment – IMO**

	Core Programme Management	Trading and Business Activities	Technical Cooperation Activities and Trust Fund	Elimination	Grand Total
	GBP	GBP	GBP	GBP	GBP
ASSETS					
Current assets					
Cash and cash equivalents	39,569,460	8,124,356	50,208,235	-	97,902,051
Contributions receivable	908,928	-	193,443	-	1,102,371
Inventories	-	470,803	-	-	470,803
Advances to sub-contractors and partners	-	-	1,035,786	(7,401)	1,028,385
Inter-segment sums receivable	719,566	25,742	886,589	(1,631,897)	-
Other receivables	2,787,206	290,454	1,338,775	-	4,416,435
Total Current Assets	43,985,160	8,911,355	53,662,828	(1,639,298)	104,920,045
Non-current assets					
Property, plant and equipment	1,414,185	26,784	17,385	-	1,458,354
Intangible assets	95,138	-	-	-	95,138
Total non-current assets	1,509,323	26,784	17,385	-	1,553,492
TOTAL ASSETS	45,494,483	8,938,139	53,680,213	(1,639,298)	106,473,537
LIABILITIES					
Current liabilities					
Payables and accruals	4,741,122	436,935	2,148,564	(7,401)	7,319,220
Provisions for warranties	-	60,773	-	-	60,773
Inter-segment sums payable	338,969	44,528	1,248,400	(1,631,897)	-
Employee benefits	171,167	5,108	53,578	-	229,853
Total current liabilities	5,251,258	547,344	3,450,542	(1,639,298)	7,609,846
Non-current liabilities					
Employee benefits	52,492,942	-	-	-	52,492,942
Total non-current liabilities	52,492,942	-	-	-	52,492,942
TOTAL LIABILITIES	57,744,200	547,344	3,450,542	(1,639,298)	60,102,788
NET ASSETS	(12,249,717)	8,390,795	50,229,671	-	46,370,749
FUND BALANCES AND RESERVES					
Fund balances and reserves	(13,163,269)	7,581,066	42,905,968	-	37,323,765
Surplus/(deficit) for the year	913,552	809,729	7,323,703	-	9,046,984
TOTAL FUND BALANCES AND RESERVES	(12,249,717)	8,390,795	50,229,671	-	46,370,749

Note 6.1.2: Statement of Financial Position by Segment – Consolidated (GBP)

	Core Programme Management	Trading and Business Activities	Technical Cooperation Activities and Trust Fund	Education and Research	Elimination	Grand Total
ASSETS						
Current assets						
Cash and cash equivalents	39,569,460	8,124,356	50,208,235	21,555,193	-	119,457,244
Contributions receivable	908,928	-	193,443	-	-	1,102,371
Inventories	-	470,803	-	61,017	-	531,820
Advances to sub-contractors and partners	-	-	1,035,786	-	(7,401)	1,028,385
Inter-segment sums receivable	719,566	25,742	886,589	-	(1,631,897)	-
Other receivables	2,787,206	290,454	1,338,775	1,160,794	(1,039,111)	4,538,118
Total Current Assets	43,985,160	8,911,355	53,662,828	22,777,004	(2,678,409)	126,657,938
Non-current assets						
Investments	-	-	-	5,383,532	-	5,383,532
Property, plant and equipment	1,414,185	26,784	17,385	483,787	-	1,942,141
Intangible assets	95,138	-	-	4,662	-	99,800
Total non-current assets	1,509,323	26,784	17,385	5,871,981	-	7,425,473
TOTAL ASSETS	45,494,483	8,938,139	53,680,213	28,648,985	(2,678,409)	134,083,411
LIABILITIES						
Current liabilities						
Payables and accruals	4,741,122	436,935	2,148,564	6,448,647	(1,046,512)	12,728,756
Provisions for warranties	-	60,773	-	-	-	60,773
Inter-segment sums payable	338,969	44,528	1,248,400	-	(1,631,897)	-
Employee benefits	171,167	5,108	53,578	89,448	-	319,301
Total current liabilities	5,251,258	547,344	3,450,542	6,538,095	(2,678,409)	13,108,830
Non-current liabilities						
Employee benefits	52,492,942	-	-	1,982,260	-	54,475,202
Total non-current liabilities	52,492,942	-	-	1,982,260	-	54,475,202
TOTAL LIABILITIES	57,744,200	547,344	3,450,542	8,520,355	(2,678,409)	67,584,032
NET ASSETS	(12,249,717)	8,390,795	50,229,671	20,128,630	-	66,499,379
FUND BALANCES AND RESERVES						
Fund balances and reserves	(13,163,269)	7,581,066	42,905,968	16,609,282	-	53,933,047
Surplus/(deficit) for the year	913,552	809,729	7,323,703	3,519,348	-	12,566,332
TOTAL FUND BALANCES AND RESERVES	(12,249,717)	8,390,795	50,229,671	20,128,630	-	66,499,379

Note 6.2: Segmental Statements of Financial Performance for the year ended 31 December 2022**Note 6.2.1: Statement of Financial Performance by Segment – IMO**

	Core Programme Management	Trading and Business Activities	Technical Cooperation Activities and Trust Fund	Elimination	Grand Total
	GBP	GBP	GBP	GBP	GBP
Revenue					
Assessed contributions	33,616,000	-	-	-	33,616,000
Donor contributions	-	-	13,161,091	-	13,161,091
Commercial activities	447,423	14,162,161	702,197	(214,540)	15,097,241
Other revenue	470,532	44,707	520,084	-	1,035,323
Support costs earned	1,844,179	-	-	(1,844,179)	-
Inter-segment transfers	3,262,178	-	5,175,132	(8,437,310)	-
TOTAL REVENUE	39,640,312	14,206,868	19,558,504	(10,496,029)	62,909,655
Expenses					
Staff and other personnel costs	31,096,007	2,424,452	6,650,097	(11,120)	40,159,436
Travel expenses	454,424	2,292	1,453,102	-	1,909,818
Supplies, consumables and other running costs	5,063,304	1,832,333	709,116	(78,149)	7,526,604
Cost related to trading activities	2,358	1,556,138	-	-	1,558,496
Outsourced services	49,813	30,741	645,469	-	726,023
Training and development	31,551	-	3,971,070	-	4,002,621
Support costs charged	-	783,967	1,060,212	(1,844,179)	-
Depreciation, amortization and impairment	470,285	16,936	11,059	-	498,280
Return of unspent funds	-	-	43,723	-	43,723
Other expenses	229,015	147,468	681,126	(125,271)	932,338
Inter-segment transfers	1,515,213	6,642,278	279,819	(8,437,310)	-
TOTAL EXPENSES	38,911,970	13,436,605	15,504,793	(10,496,029)	57,357,339
OPERATING SURPLUS/(DEFICIT) FOR THE YEAR	728,342	770,263	4,053,711	-	5,552,316
Currency exchange gain/(loss)	185,210	39,466	3,269,992	-	3,494,668
SURPLUS/(DEFICIT) FOR THE YEAR	913,552	809,729	7,323,703	-	9,046,984

Note 6.2.2: Statement of Financial Performance by Segment – Consolidated (GBP)

	Core Programme Management	Trading and Business Activities	Technical Cooperation Activities and Trust Fund	Education and Research	Elimination	Grand Total
Revenue						
Assessed contributions	33,616,000	-	-	-	-	33,616,000
Donor voluntary contributions	-	-	13,161,091	6,364,699	(18,995)	19,506,795
Commercial activities	447,423	14,162,161	702,197	2,279,592	(620,137)	16,971,236
Fellowship	-	-	-	7,378,096	(1,220,865)	6,157,231
Other revenue	470,532	44,707	520,084	474,549	(105,316)	1,404,556
Support costs earned	1,844,179	-	-	-	(1,844,179)	-
Inter-segment transfers	3,262,178	-	5,175,132	-	(8,437,310)	-
TOTAL REVENUE	39,640,312	14,206,868	19,558,504	16,496,936	(12,246,802)	77,655,818
Expenses						
Staff and other personnel costs	31,096,007	2,424,452	6,650,097	9,756,429	(313,368)	49,613,617
Travel expenses	454,424	2,292	1,453,102	639,304	(4)	2,549,118
Supplies, consumables and other running costs	5,063,304	1,832,333	709,116	1,072,818	(162,070)	8,515,501
Cost related to trading activities	2,358	1,556,138	-	11,960	-	1,570,456
Outsourced services	49,813	30,741	645,469	422,167	-	1,148,190
Training and development	31,551	-	3,971,070	2,562,619	(1,282,588)	5,282,652
Support costs charged	-	783,967	1,060,212	-	(1,844,179)	-
Depreciation, amortization and impairment	470,285	16,936	11,059	220,519	-	718,799
Return of unspent funds	-	-	43,723	-	-	43,723
Other expenses	229,015	147,468	681,126	218,195	(154,028)	1,121,776
Inter-segment transfers	1,515,213	6,642,278	279,819	-	(8,437,310)	-
TOTAL EXPENSES	38,911,970	13,436,605	15,504,793	14,904,011	(12,193,547)	70,563,832
OPERATING SURPLUS/(DEFICIT) FOR THE YEAR	728,342	770,263	4,053,711	1,592,925	(53,255)	7,091,986
Currency exchange gain/(loss)	185,210	39,466	3,269,992	1,926,423	53,255	5,474,346
SURPLUS (DEFICIT) FOR THE YEAR	913,552	809,729	7,323,703	3,519,348	-	12,566,332

168 Some internal activities result in accounting transactions that create inter-segment revenue and expense balances in the financial statements. Inter-segment transactions are reflected in the above statements to accurately present these financial statements, the most significant examples of which are the Council-mandated transfers from the Trading Fund to other organizational funds. The aggregate amount was £6,630,000 of which £5,038,800 was to the Technical Cooperation Fund and £1,591,200 was to the Core Programme. In addition, there are support costs totalling £1,060,212 charged on extra-budgetary activities and £783,967 charged to the Trading Activities to reimburse costs incurred by the Core Programme.

169 IMO provides funding support to WMU and IMLI to finance their fellowship and related programmes, which is recognized as expenditure by IMO and as revenue by WMU and IMLI. These transactions, which are eliminated in arriving at the consolidated position, amount to £703,375 between IMO and WMU, and £517,490 between IMO and IMLI.

170 A summary of the goods and services provided under each segment, and their objectives, is set out in Note 1, under section Fund Accounting and Segment Reporting.

NOTE 7: COMMITMENTS AND CONTINGENCIES**Note 7.1: Commitments**

171 As at 31 December 2022, IMO had commitments for goods and services including consultancy contracted but not delivered as follows:

	2022	2021
	GBP	GBP
Purchase of goods and services including consultancy	3,600,350	5,377,961

172 The actual discharge of the 2021 commitments in 2022 is £4,259,914 the breakdown of which is shown below:

	2021	2022
	Commitments	Discharge
	GBP	GBP
Regular budget strategic results	314,331	260,878
Trading activities	180,884	123,494
Headquarters capital	1,294,833	1,275,820
Termination benefit	17,600	17,600
Technical cooperation (TC Fund)	1,918,541	1,791,187
Subtotal	3,726,189	3,468,979
Technical cooperation (Donor Funds)	1,651,772	790,935
TOTAL	5,377,961	4,259,914

173 Neither WMU nor IMLI has commitments or contingencies at year end and consequently the figures shown above reflect the consolidated position as well.

Note 7.2: Legal or Contingent Liabilities

174 As at 31 December 2022, there are no contingent liabilities arising from legal actions and claims that will likely result in significant liability to IMO and to the consolidated group.

175 The Organization, in conjunction with UNDP, conducted a review of all historical balances under the UNDP Service Clearing Account (SCA), and its predecessor the Inter-office Voucher (IOV) scheme, under which UNDP provides services to other UN system organizations, and the Project Clearing Account (PCA), through which UNDP acts as a donor for IMO extrabudgetary activities. While the Organization's financial statements reflect amendments arising as a result of that review, there remains a net difference on the PCA accounts of \$475,909, as at 31 December 2021, between IMO and UNDP. Discussions between IMO and UNDP on an agreeable resolution of this difference is currently ongoing.

NOTE 8: LOSSES, EX GRATIA PAYMENTS, WRITE-OFFS, AND CASES OF FRAUD

176 Financial Regulation 10.3 provides that "The Secretary-General may make such ex gratia payments as he deems to be necessary in the interest of the Organization, provided that a statement of such payments shall be submitted to the Assembly with the financial statements". During 2022, no ex-gratia payments were made.

177 Financial Regulation 10.4 provides that "The Secretary-General may, after full investigation, authorize the writing off of losses of cash, stores and other assets, provided that a statement of all such amounts written off shall be submitted to the External Auditor with the financial statements". During 2022, no write-offs were made.

178 In 2021, one case of presumptive fraud was identified at IMO. An investigation was concluded after a preliminary evaluation of the case. IMO did not incur any financial loss. During 2022, no case of fraud or presumptive fraud was identified.

179 WMU reported a write-off of SEK 89,459 (£7,196) of IT equipment with a residual value of SEK 37,589 (£3,024). WMU and IMLI did not report any cases of ex-gratia payments, fraud, and presumptive fraud in 2022.

NOTE 9: RELATED PARTIES AND KEY MANAGEMENT PERSONNEL

Note 9.1: Key Management Personnel

Number of individuals (Full-Time Equivalent)	Compensation and post adjustment	Entitlements	Pension and health plans	Total remuneration 2022	Outstanding Loans and Advances against entitlements 31.12.2022
	GBP	GBP	GBP	GBP	GBP
IMO					
9.23	1,490,662	93,208	362,153	1,946,023	18,812
Consolidated					
11.23	2,010,991	113,148	416,278	2,540,417	18,812

180 Key management personnel of IMO are the Secretary-General, six Divisional Directors and three Departmental Chiefs/Heads. A new Department of Information and Technology was established in October 2022. Key management personnel of the consolidated group include the President of the WMU and the Director of the IMLI, as they have the authority and responsibility for planning, directing, and controlling the activities of the consolidated group.

181 The aggregate remuneration paid to key management personnel includes net salaries, post adjustment, entitlements (such as representation allowance and other allowances); assignment and other grants; rental subsidy; personal effects shipment costs; employer pension; and current health insurance contributions. The outstanding advance represents the amount paid against the education grant entitlement to one key management personnel which is available to all professional staff. No close family member of the key management personnel was employed by the Organization during the year. The full-time equivalent of one key management was determined from 10 October 2022, the date of appointment.

182 Key management personnel are also qualified for post-employment benefits (Note 2.11) at the same level as other employees. Key management personnel of IMO are participants of UNJSPF.

Note 9.2: Related Parties

183 Within the context of IPSAS 20 – "Related Party Disclosures", the UN International Computing Centre (ICC) was identified as a related party.

184 The ICC was established in January 1971 pursuant to Resolution 2741 (XXV) of the United Nations General Assembly. ICC provides Information Technology and Communications services to Partners and Users in the United Nations system. As a Partner bound by the Mandate of the ICC, IMO would be proportionately responsible for any third-party claim or liability arising from or related to service activities of the ICC as specified in the ICC Mandate. As at 31 December 2022, there are no known claims that impact IMO. Ownership of assets is with ICC until dissolution. Upon dissolution, the division of all assets and liabilities amongst Partner Organizations shall be agreed by the Management Committee by a formula defined at that time.

NOTE 10: OTHER CHANGES IN NET ASSETS

185 An exchange rate difference arose due to converting the opening assets and liabilities of WMU and IMLI, whose functional currencies are Swedish krona and Euro respectively, at the 2022 closing rate which differs from the 2021 closing rate, and the resulting differences are presented as a separate component of net assets/equity in accordance with IPSAS 4.

	WMU GBP	IMLI GBP	TOTAL GBP
Closing balance as at 31.12.2021 exchange rate	13,526,668	3,336,732	16,863,400
Opening balance as at 01.01.2022 revalued at 31.12.2022 exchange rate	13,102,218	3,507,064	16,609,282
TOTAL	(424,450)	170,332	(254,118)

NOTE 11: EVENTS AFTER REPORTING DATE

186 IMO's reporting date is 31 December 2022. On the date of the signing of the Financial Statements, there had been no material events, favourable or unfavourable, incurred between the balance sheet date and the date when the financial statements were authorized for issue that would have impacted these statements.

ANNEX

	Name	Address
IMO	International Maritime Organization	4 Albert Embankment London, SE1 7SR United Kingdom
General Counsel Director, Legal Affairs and External Relations Division	Mr. F. J. Kenney	4 Albert Embankment London, SE1 7SR United Kingdom
Actuary	Barnett Waddingham LLP	2 London Wall Place 123 London Wall London, EC2Y 5AU United Kingdom
Principal Banker	J.P. Morgan Chase	JP Morgan Chase Bank N.A. 25 Bank Street, Canary Wharf London, E14 5JP United Kingdom
External Auditor	Chairperson, The Audit Board of the Republic of Indonesia	The Audit Board of the Republic of Indonesia Jalan Gatot Subroto No. 31, Jakarta – Indonesia