

INTERNATIONAL MARITIME ORGANIZATION

**FINANCIAL REPORT AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2020**

REPORT OF THE EXTERNAL AUDITORS



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INTERNATIONAL MARITIME ORGANIZATION

FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

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 2020.

2 The Report of the External Auditor on the audit of the 2020 financial statements, together with his 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 are 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 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 174 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 2020

7 2020 saw IMO continuing to actively pursue its targets and objectives in a wide range of subject areas, despite the challenges and difficulties resulting from the ongoing COVID-19 pandemic. Some of the highlights of the year for the Organization are summarized below.

Addressing the consequences of the pandemic

8 In September, for the first time in the history of the Organization, an extraordinary session of all five IMO Committees, i.e. Maritime Safety Committee (MSC), Legal Committee (LEG), Marine Environmental Protection Committee (MEPC), Technical Cooperation Committee (TC) and Facilitation Committee (FAL) (ALCOM/ES) took place virtually to consider and adopt interim guidance to facilitate remote sessions of the Committees during the pandemic. This allowed IMO's important technical work to continue until such a time when its Headquarters can be reopened for physical meetings. The aim of the guidance is to facilitate the work of the Committees using a structured and transparent methodology aimed at standardizing the conduct of remote sessions in view of exceptional circumstances. The guidance is intended for temporary use, during the pandemic, and will be kept under review as necessary, to incorporate experience gained in the conduct of remote sessions.

9 Following the ALCOM/ES session, MSC met separately in extraordinary session to consider urgent action to resolve the humanitarian and safety crisis faced by the international shipping community as a result of the COVID-19 pandemic. The Committee adopted a resolution on Recommended action to facilitate ship crew change, access to medical care and seafarer travel during the COVID-19 pandemic, which urges specific action to address the issue, including designating seafarers as key workers with access to the necessary safe travel arrangements. The resolution expresses deep concern about the significant challenges being faced by the global shipping community to effect crew changes and repatriation of seafarers as a result of the pandemic, recognizing the crucial role of seafarers in supplying vital goods across the globe.

10 IMO started issuing guidance for the shipping sector on how to address the fall-out from the pandemic at the end of January 2020, realizing that many Member States wished to have uniform recommendations on how to address certain issues. This guidance has been issued as the Circular Letter No.4204 series and contains technical recommendations as well as joint statements with other UN Agencies on a variety of issues. IMO also established, in April 2020, a Seafarer Crisis Seafarer Crisis Action Team (SCAT) to help with a variety of critical situations, often collaborating with other UN organizations and industry associations. During the year, SCAT has intervened, often successfully, in cases involving thousands of individual seafarers.

Maritime safety

11 In 2020, the Maritime Safety Committee (MSC) continued its regulatory work as far as possible under the prevailing conditions. Due to the pandemic, a large number of meetings were cancelled or postponed. However, the MSC met, apart from the aforementioned extraordinary session, for its 102nd regular session in November 2020 to consider the reports of its Sub-Committees in order to enable them to continue their work.

12 Concerning its ongoing work, the Committee, among many other things, continued its audit programme under the Goal-based ship construction standards for bulk and oil tankers (GBS); progressed the work on maritime autonomous surface ships (MASS); completed the development of guidelines for fishing vessels and pleasure yachts not engaged in trade operating in polar waters; approved SN.1/Circ.340 on Recognition of the Indian Regional Navigation Satellite System (IRNSS) as a component of the World-wide radionavigation system and adopted resolution MSC.480(102) on Performance standards for shipborne Japanese Quasi-Zenith Satellite System (QZSS) receiver equipment; and approved a draft revised Assembly resolution on Guidelines for Vessel Traffic Services, for submission to A 32 with a view to adoption.

13 The Committee also continued its work on measures to improve domestic ferry safety with the main objective of developing framework Model Regulations on Domestic Ferry Safety which are expected to be adopted at MSC 104 in October 2021. The Secretariat remained actively engaged with stakeholders and, jointly with the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), conducted a virtual expert group meeting which inter alia resulted in the adoption of the “Bangkok declaration on enhancing domestic ferry safety in Asia and the Pacific region and the development of model regulation on domestic ferry safety”.

Facilitation

14 Concerning maritime security, IMO has focussed on assisting States to implement a multi-agency and multi-disciplinary approach, with a particular focus on national organization and inter-agency cooperation, including the establishment of national maritime security and facilitation committees. 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. All technical assistance provided in 2020 was delivered through virtual platforms.

15 MSD started implementing a major European Union (EU) funded port security project for Eastern and Southern Africa and the Indian Ocean region, in partnership with the United Nations Office on Drugs and Crimes (UNODC) and the International Criminal Police Organization (INTERPOL). A similar project for the Red Sea region, also EU funded, is expected to start in 2021.

16 Work to address piracy and armed robbery in the Gulf of Guinea (GoG) continued to be at the top of IMO’s agenda, with support to the Interregional Coordination Centre (ICC) and its strategic role on the implementation of the Yaoundé Code of Conduct (YCC), as well as the G7++ Friends of the Gulf of Guinea (G7++FoGG) to coordinate regional and international initiatives. IMO also continued to assist with the implementation of the Djibouti Code of Conduct and the Jeddah amendments; provided assistance for training under the Djibouti Regional Training Centre (DRTC) umbrella; explored options for online capacity-building activities; and promoted the implementation of Best Management Practices (BMP) for West Africa and global counter piracy guidance for companies, masters and seafarers.

Environmental protection

17 In 2020, the Marine Environment Protection Committee (MEPC) pushed forward with a number of measures aimed at supporting the achievement of the objectives set out in the *Initial IMO Strategy on reduction of greenhouse gas (GHG) emissions from ships*, and in particular, approved draft amendments to MARPOL Annex VI concerning mandatory goal-based technical and operational measures to reduce carbon intensity of international shipping; adopted amendments to strengthen existing mandatory requirements for new ships to be more energy efficient; adopted an MEPC resolution on *Encouragement of Member States to develop and submit voluntary National Action Plans to address GHG emissions from ships*; approved the Fourth IMO GHG Study 2000; and approved the terms of reference and arrangements for the conduct of a comprehensive impact assessment of short-term measures.

18 MEPC made good progress in the implementation of the experience-building phase associated with the Ballast Water Management (BWM) Convention and in particular, adopted amendments to the BWM Convention regarding commissioning the testing of ballast water management systems and approved associated *Guidance for the commissioning testing of ballast water management systems and Guidance on ballast water sampling and analysis*.

19 The MEPC noted by correspondence, that some 61 technical cooperation activities related to the protection of the marine environment had been implemented by the Marine Environment Division in 2019, under IMO’s Integrated Technical Cooperation Programme (ITCP), covering all geographical regions and IMO’s priority environmental conventions and protocols. MEPC also noted by correspondence, that the Secretariat has continued to coordinate and manage a number of Major

Projects related to emerging environmental issues that have taken a thematic and results-based intervention approach, to assist IMO Member States to improve implementation of IMO environment-related conventions and protocols. The next session of the MEPC (June 2021), will consider ITCP implementation for 2020, including the Secretariat's efforts to mitigate the significant impact of the COVID-19 pandemic on ITCP delivery, through alternative implementation modalities (e-learning, virtual delivery etc).

20 During 2020, 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 in respect of FSO SAFER in Yemen; and the deployment of an expert to support the Government of Mauritius in the response to an oil spill from MV Wakashio.

21 The governing bodies of the London Convention/Protocol (LC/LP) continued their work, making further progress with the development of additional guidance to support the implementation of the treaties at national level. This included approving guidance on interim action levels (IALs) to support dredged material management in countries currently lacking the necessary technology and/or resources and noting ongoing work to finalize the further guidance on disposal site selection. Furthermore, the governing bodies noted the ongoing efforts to consolidate the work carried out by the LC/LP bodies on the issue of marine litter and microplastics, and to identify potential gaps in that work and possible further actions for the LC/LP, a consultant's report on the issue will be considered by the Scientific Groups at their next session in 2021.

22 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 eight dedicated working groups, and published several reports, including on the assessment of risks associated with plastics and microplastics in the marine environment, and a global coastal ecosystem assessment for the past century.

Legal matters

23 The training programme on the implementation of IMO's instruments into domestic legislation continues and is expanding. It provides participants from IMO Member States with the opportunity to familiarize themselves with the Organization, its structure and the treaty making process at IMO. Treaties covered by the IMO Member State Audit Scheme as well as the civil liability conventions are presented and analysed. The main focus of the programme is on the implementation of those treaties into national legislation. The participants learn drafting techniques and best practices in the implementation process. Special attention is paid to the implementation of those amendments to IMO treaties which are adopted through the tacit acceptance procedure. The ultimate goal of the programme is to furnish participants with the knowledge that is necessary to develop national legislation and to keep it up to date to ensure compliance with IMO standards. Two workshops were held in 2019, but because of the pandemic, no courses could be held in 2020. However, much of the workshop curriculum is presented by IMO Legal Officers to students at the World Maritime University and at the International Maritime Law Institute. In addition, IMO Legal Officers provided instruction to the new IMLI course on the Law of Treaties in 2020, a course which many current IMO delegates attended.

24 With the enactment of ST/AI/2017/1, which completely overhauled the process for disciplinary action at the United Nations, the IMO Legal Affairs Office worked closely with the Administration Division to develop revised procedures that ensure the same due process rights as are granted in the revised UN system. Decisions of the United Nations Appeals Tribunal announced in December 2019 required process changes to the appeals system. Starting in early 2020, IMO implemented a new system for its first instance appeals body, the Staff Appeals Board (SAB). For each case before it, the SAB is now chaired by an external consultant with judicial experience. A roster of external judges has been created and workload is distributed appropriately.

25 As a result of the COVID-19 pandemic, one of the primary activities of the Legal Affairs and External Relations Division in 2020 was assisting all IMO organs in the development of interim

procedures for the conduct of remote meetings. The IMO Council held two extraordinary sessions by correspondence and one remote regular session incorporating virtual and correspondence methods. The IMO Committees for the first time in their history, met simultaneously in extraordinary session September 2020 to adopt similar procedures. Throughout these processes, the Legal Affairs and External Relations Division, in particular the Legal Affairs Office and the External Relations Office, provided extensive advice and support.

26 Seafarers faced a crisis during 2020 as a result of the COVID 19 pandemic. Because of travel and border restrictions enacted by countries to halt the spread of the virus, more than 400,000 seafarers were stranded on their vessels, unable to return to their home countries after their contracts expired. A similar number could not travel to get to ship to relieve those onboard and begin their contracts. The seafarer's crew change issues became a crisis on three levels, humanitarian, safety and economic. In response, the Secretary-General formed the Seafarer's Crisis Action Team (SCAT), tasked with three main objectives: (1) handling individual cases reported to the IMO by seafarers (2) conducting bilateral and multilateral diplomatic to help ease the crisis and (3) development of policy guidance to allow member states to allow seafarers to conduct crew changes safely and efficiently. In total, the SCAT handled nearly 500 individual cases, conducted more than 30 bilateral and multi-lateral engagements and developed extensive policy guidance, primarily through the Circular Letter 4204 Series (at addendum 33 by 31 December 2020. The SCAT also participated in the negotiations resulting in the adoption of a UN General Assembly Resolution on the crew change crisis. (UNGA 75/17)

27 The Legal Affairs office also provided numerous legal advices to the Secretariat, the Member States, the Council, the Committees and Subcommittees. The depositary processed more than 100 depositary actions by Member States in 2020, representing a typical workload for the depositary staff.

Outreach

28 IMO's public facing visibility showed marked gains. The twin stories of the adoption of the implementation of the initial strategy for the reduction of greenhouse gas emissions from ships, and the seafarer's crew change crisis, described above were far and away the top IMO stories for 2020, garnering global media attention for IMO at unprecedented levels. IMO exposure in the global, mainstream media on other issues became much more frequent than previously. In many cases, stories regarding the crew change crisis were carried by more than 800 media outlets in a single day, with an estimated reach of more than 1 billion readers. IMO engagement through social media is at an all-time high and continues to grow. The IMO Twitter feed for the Day of the Seafarer celebration on 25 June 2020 under the theme "Seafarers are key workers" had millions of impressions worldwide. IMO's followers on Facebook, Twitter and Instagram continue to grow. Views and original content in the French and Spanish languages derived from the IMO multilingual website launched in May 2015 have also expanded, and original content in these languages expanded in 2020. 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 (IMOGMA), in addition to their outreach work to attract young people to the maritime professions, also assisted the SCAT in resolution of cases in their home countries.

29 The annual World Maritime Day celebration was held virtually in 2020 and the virtual forum on the theme "Sustainable Shipping for a Sustainable Planet" was well-attended. The associated 2020 parallel event, hosted by a volunteering Member State, (South Africa) was postponed to 2021 as a result of the pandemic.

30 The Maritime Knowledge Centre expanded its collection on 2020 and completed a project to have all Assembly, Council and Committee resolutions in a searchable database. The online catalogue, which went live in 2019, was well-used by persons seeking information but unable to visit the MKC in person due to closure of the Headquarters building. These two developments greatly improved the accessibility of information in the Maritime Knowledge Centre for delegates, academics and the general public.

Technical Cooperation

31 The COVID-19 pandemic impacted the technical cooperation work of IMO and changed its modus operandi. Due to the suspension of official travel, "traditional" technical cooperation delivery was largely suspended throughout 2020. However, the Secretariat took the opportunity to adapt its working practices to meet the new challenges and to develop new methodologies, taking into account the lessons learned. The Organization therefore continued to provide technical assistance to its Member States, particularly developing countries, to enhance the implementation of IMO instruments, albeit in different ways. Technical assistance is funded through both the TC Fund and extra-budgetary 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.

32 In 2020, IMO's technical cooperation work operated within a framework of regional and global programmes, assisting Member States to implement IMO instruments and supporting institutional capacity-building, primarily through virtual delivery of technical assistance activities. This included training at the national, regional and global levels, provision of fellowships, conduct of needs assessments, support to the IMO Women in Maritime programme (and Sustainable Development Goal 5); support to the SCAT through conduct of regional webinars; participating in a range of other webinars and online activities; and enhanced cooperation with the World Maritime University (WMU) and the IMO International Maritime Law Institute (IMLI). Strategic work included: developing training material, e-learning and online learning programmes; adapting the Integrated Technical Cooperation Programme (ITCP) for the 2020-2021 biennium to reflect the "new realities"; and commissioning and preparatory activities of newly launched thematic long-term projects, and delivery of ongoing programmes under the auspices of the technical divisions and the Department of Partnerships and Projects (DPP). Details of the impact of COVID-19 on activities delivered in 2020 were reported to the seventieth session of the Technical Cooperation Committee (TC 70) which was held virtually in December 2020 (document TC 70/13.1). The Integrated Technical Cooperation Programme Annual Report for 2020, will be presented to TC 71, scheduled for September 2021, via document TC 71/3.

33 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 will become increasingly important in assisting Member States with their post-COVID-19 recovery.

34 Extra-budgetary activities and resources continued to be a vital part of delivering the strategic objectives of the Organization as well as the successful implementation of IMO's treaties and technical instruments by Member States. As part of the review and reform of the Organization's resources, and considering the increasing focus of the Organization in implementation as established in Strategic Direction 1, the Secretary-General, in March 2020, amalgamated two areas of the Organization from the Marine Environment Division and the Technical Cooperation Division to establish the Department of Partnerships and Projects (DPP) in order to enhance the level of collaboration and partnership both within the Secretariat and with external partners. The work performed by the functions remain the same, although the change provides a greater degree of strategic focus and emphasis on this critical aspect of our work, strengthen the mobilization of extra-budgetary resources and in so doing ensure that IMO plays an effective role in developing and strengthening global, regional and national partnerships between donors and IMO's Member States.

35 DPP has been active in four core functional areas 1) Implementation of IMO's Long-term Resource Mobilization Strategy 2) coordination for partnership development process within IMO by assisting with the negotiation, formalization and reporting on partnership agreements 3) implementation of a portfolio of donor-supported, long-term projects to support the technical cooperation objectives of IMO and the implementation of the SDGs and 4) promote and advocate maritime innovation and R&D through partnerships.

STRATEGIC PLAN FOR 2018 – 2023

36 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, 7 new focused Strategic Directions with corresponding performance indicators, as well overarching principles that should be taken into account in all of the Organization's work.

37 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.

38 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: Ensure regulatory effectiveness
- SD 7: Ensure organizational effectiveness

FINANCIAL MANAGEMENT

Risk

39 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.

40 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

41 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 eight Divisional Directors and Departmental 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

42 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

43 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.

44 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 2020 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

45 The outbreak of the Covid-19 pandemic in mid-March 2020 became a global challenge and impacted the global economy in an unprecedented manner. However, the Organization continued to focus on the effective implementation of its programmatic activities. The Organization quickly adjusted to these unprecedented circumstances and there was a robust response from Member States/donors in addressing the pandemic during this period. The following are various financial considerations of Covid-19 on the 2020 financial year.

46 The limitations on physical movements that applied during the lockdown resulted in majority of staff and personnel working remotely. This sudden change to remote working was facilitated by an accelerated changeover to increased use of mobile office tools - particularly laptops - which occurred in the first months of 2020. In the long-term, this change may result in more personnel transitioning to remote working arrangements.

Financial analysis

47 Liquidity and solvency ratios for 2020 and 2019 as summarized below indicate an improvement in the Organisation's situation.

Table I

Description of ratio	31 December 2020	31 December 2019
Current ratio ¹		
Current assets: current liabilities	9.95	7.86
Total assets: total liabilities ²		
Assets: liabilities	1.45	1.37
Cash ratio ³		
Cash plus short-term investments: current liabilities	9.46	7.36
Quick ratio ⁴		
Cash plus short-term investments plus accounts receivable: current liabilities	9.55	7.44

48 The closing net asset position presented in Statement I and in Chart 1 below amounted to £27,006,313 (2019: £21,547,287), which shows a healthy financial situation for the Organization as a whole, with an increase of £5,459,026 (2019: £2,558,199) from the opening balance on 1 January 2020. The net operating surplus of £6,408,300 offset by the currency exchange loss of £949,274 accounted for the increase of £5,459,026.

¹ A high ratio indicates an entity's ability to pay off its short-term liabilities.

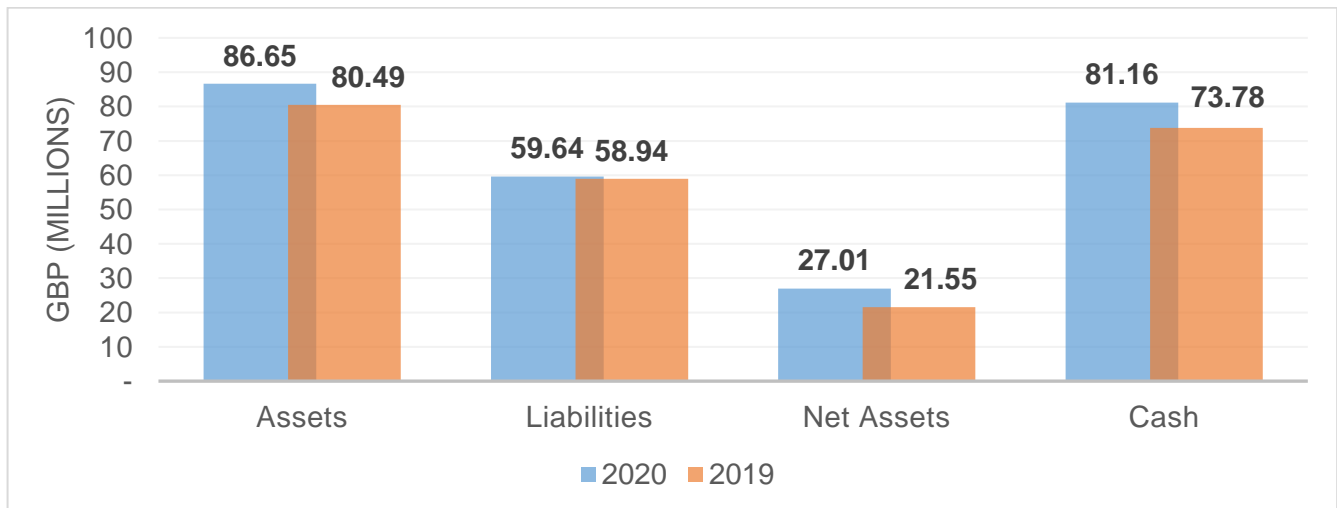
² A high ratio is a good indicator of solvency.

³ The cash ratio is an indicator of an entity's liquidity by measuring the amount of cash, cash equivalents and invested funds there are in current assets to cover current liabilities.

⁴ The quick ratio is more conservative than the current ratio because it excludes inventory and other current assets, which are more difficult to turn into cash. A higher ratio means a more liquid current position.

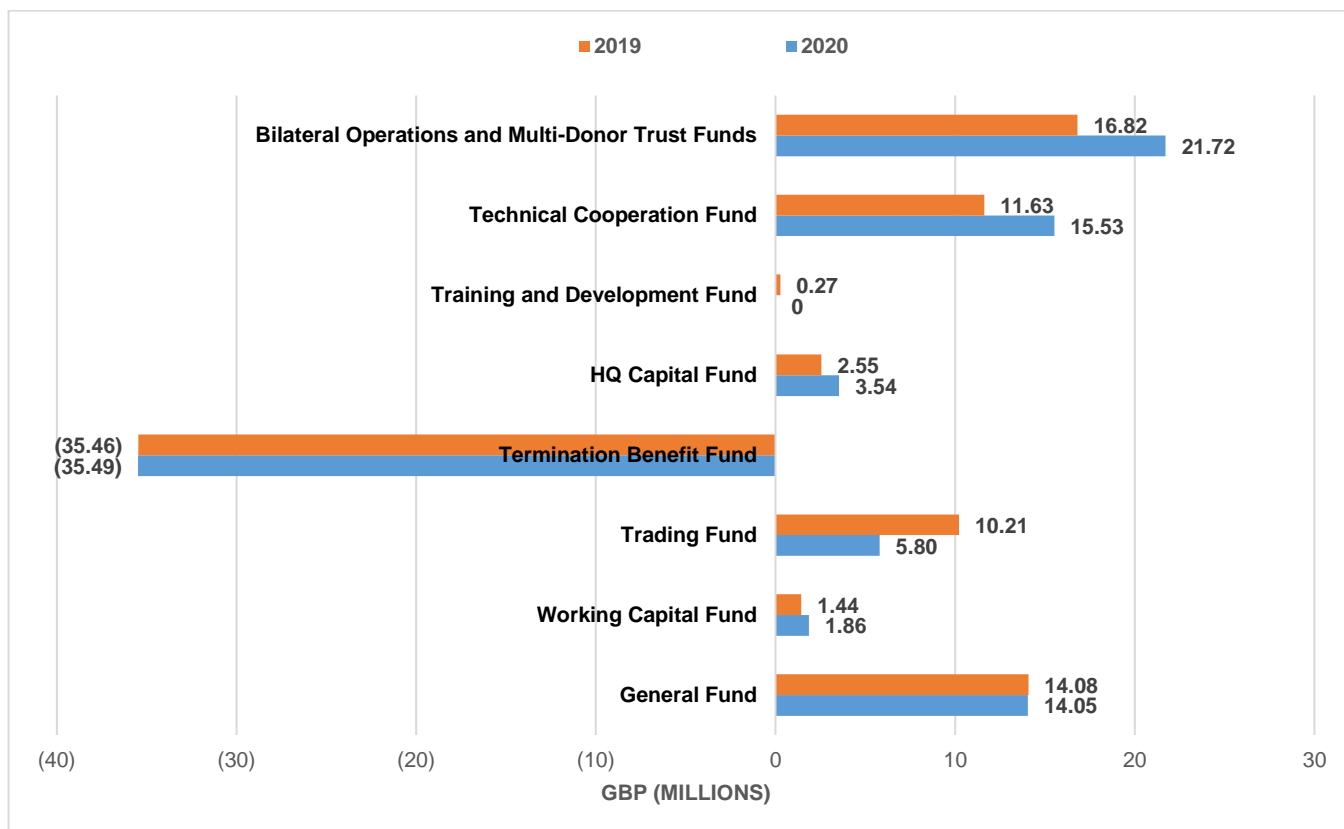
49 The increase in cash and cash equivalents during 2020 is due to the collection of Member States assessment remaining consistent with 2019 at around 99% and an increase in donor voluntary contribution. Furthermore, there has been a reduction in expenditure due to the restrictions imposed by Covid-19 pandemic, especially travel and IMO's Integrated Technical Cooperation Programme.

Chart I: Net asset and cash position as at 31 December 2020



50 Looking, again, at the closing net assets position, it should be noted that the reserves available to the Organization for future use are not without restrictions. Note 2.13 in the financial statements breaks down the overall reserve picture into the Organization's major funds, and it may be seen that, of the overall £27,006,313 (2019: £21,547,287) closing balance, £21,717,241 (2019: £16,818,817) relates to Multi-donor Trust Funds or the net position under bilateral agreements with individual donors, as shown in the below chart. Such funds can only be applied in accordance with the Terms of Reference of the Fund concerned or the appropriate contractual agreement with the donor, respectively, and, as such, there are significant restrictions over their future use.

51 It can also be seen from the chart below that the Working Capital Fund, the Headquarters Capital Fund and the Technical Cooperation Fund are all in a relatively strong financial position at present – noting that much of the surplus on the Trading Fund will, in due course, be transferred to the Technical Cooperation Fund in accordance with Assembly Resolution A.1112(30). The Termination Benefit Fund reflects the fact that the Organization's long-term After Service Health Insurance (ASHI) liability stands at £43,962,547 (2019: £41,740,761). While the Assembly set aside funds of £9,231,519 to meet these liabilities by means of Assembly Resolutions, the majority of these liabilities are presently unfunded and are reflected in the Termination Benefit Fund deficit as at 31 December 2020 of £35,485,581 (2019: £35,460,868).

Chart II: Fund balances and reserves as at 31 December 2020

52 Inventories, reflecting our stock of publications held for re-sale has decreased by 55% to £474,945 when compared with prior year's balance of £1,061,365. This is partially due to a reduction of purchases as a result of Covid-19 and an increase in provisions which covers not only titles that were superseded in a given year, but also the feasibility of sales of all stock holdings in the foreseeable future.

53 The total value of property, plant and equipment and intangible assets held by the Organization as at 31 December 2020 has decreased to £1,239,061 (2019: £1,589,978) and to £8,998 (2019: £112,201) respectively. The decrease during the year is the net effect of depreciation and amortization totalling £765,891 and disposal of £449,420 of which £387,566 (86%) relate to Communication and IT Equipment. This is offset by acquisitions totalling £311,771 of which 95% (£295,464) was for Communication and IT equipment, Conference Equipment and Vehicle.

54 The long-term impact of the lessons learned from the Covid-19 pandemic are still being evaluated and it is too early to assess whether any possible changes may have an impact of the carrying value of the Organization's assets, as such no Covid-19 related asset impairment events were recorded during the annual asset impairment review.

55 There has been an overall decrease of 14% in the Organization's current liabilities, from £10,022,816 to £8,582,324. The most significant decrease being non-exchange payables and accruals balance relates to donor contributions regarding which there are performance obligations failing which funds have to be returned, referred to as conditional liabilities. On fulfilment of conditions, revenues are recognized. All conditional liabilities are received from the European Commission and constitute 56% (2019: 65%) of non-exchange payables and accruals of £3,142,945 (2019: £4,131,025).

56 Liabilities relating to employee benefits are mainly for post-employment obligations to current staff and retirees for After Service Health Insurance (ASHI), repatriation benefits and accrued annual leave. These liabilities were subjected to actuarial valuation as at 31 December 2019, an exercise the Organization conducts every two years.

57 The increase in non-current employee benefits from £48,819,639 to £51,060,884 (5%) reflects the projection for year, as at 31 December 2020 carried out as part of the actuarial valuation as at 31 December 2019. The estimation was based on the assumptions the data provided for 31 December 2019 remains broadly unchanged.

58 The financial performance for 2020 reported a surplus of £5,459,026 (revenue minus expenses, including currency exchange loss) compared to a surplus of £3,845,117 in 2019. The increase, despite lower total revenues of £56,187,264 (2019: £60,501,704) is largely due to a decrease in overall expenses and currency exchange fluctuations of £50,728,238 (2019: £56,656,587).

59 The total revenue for 2020 was £56,187,264, a decrease of £4,314,440 from 2019 where it was £60,501,704. Assessed contribution of £33,391,000 accounted for 59% (2019: 55%) of the total revenue followed by voluntary contributions from donors at 22% (2019: 19%), commercial activities at 18% (2019: 25%), and other revenue at 1% (2019: 1%).

60 Revenue from commercial activities has decreased by 33%, from £15,125,571 during 2019 to £10,198,148 during the reporting period. The most significant being cafeteria sales, £155,301 (2019: £1,264,755), which has decreased by 88%. This is due to the closure of the office as a result of the pandemic and the fact that 2019 was an Assembly year.

61 Revenue from donor contribution are recognized on signature of donor agreement or when conditions are met where the agreement contains a condition. Therefore, the revenue fluctuates from year to year due to the timing of new donor contributions and the disbursement of obligations for those agreements with a condition and its acceptance by the donor.

62 The IPSAS board has introduced a series of exposure drafts⁵ that are expected to address issues of revenue and expense recognition in the public sector. It is expected these set of high-quality standards will permit enhanced financial reporting and measurement of results.

63 Total operating expenses for 2020 amounted to £49,778,964 compared with £55,626,517 in 2019, a decrease of £5,847,553 (11%). Staff and other personnel costs remain the most significant portion of the Organization's operating expenditure at 74% (2019: 65%), followed by Supplies, consumables and other running costs at 13% (2019: 10%) and training and development at 4% (2019: 8%).

64 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) (IMO Only Statement of Comparison of Budget and Actual Amounts) 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 extra-budgetary 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 being provided in Note 5 to the Financial Statements. For instance, the assessed contribution (i.e., invoiced amounts of £33,391,000) for the year is recognized in full as revenue in Statement II, whereas actual amounts received, including those related to assessments for prior years (£33,141,500) are shown as Actual in Statement V(a). Likewise, while expense in Statement II includes £765,890 (2019: £944,808) for depreciation and amortization on an accrual basis, that amount, as it is not a cash payment during the year, is not included in Statement V(a) which instead includes the cost of purchased assets.

⁵ ED 70, Revenue with Performance Obligation; ED 71, Revenue without Performance Obligations and ED 72, Transfer Expenses

65 Overall, the assessment collection rate is in line with expectations for an Assembly year with £33 million (99%) of the assessed income for 2020 received compared to £33 million (99%) of the assessed income for 2019 received in 2019.

Chart III: Status of assessment collections

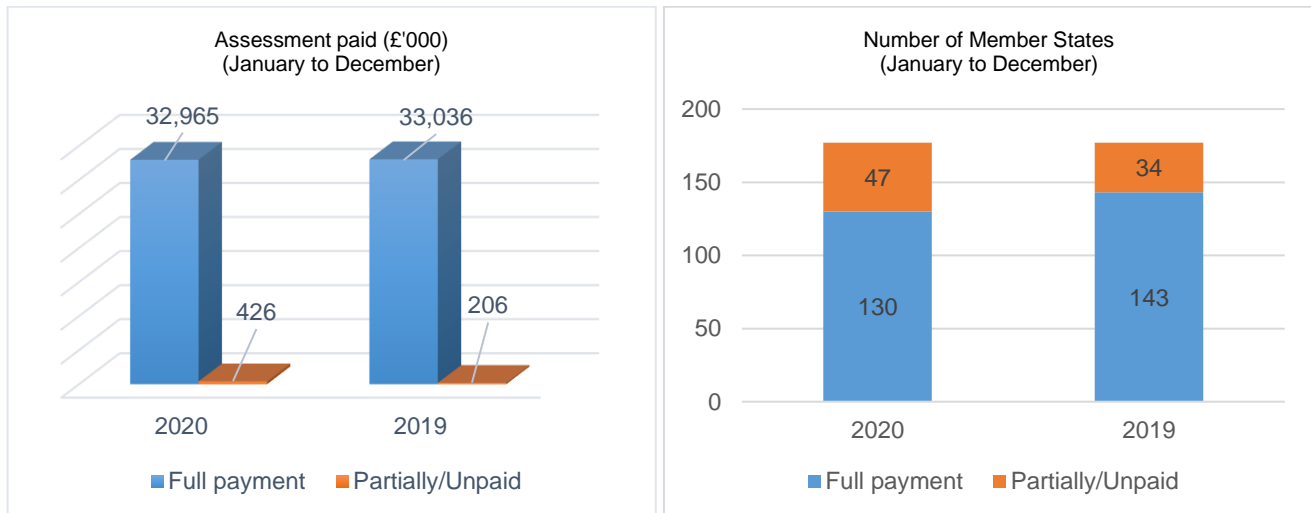


Table II

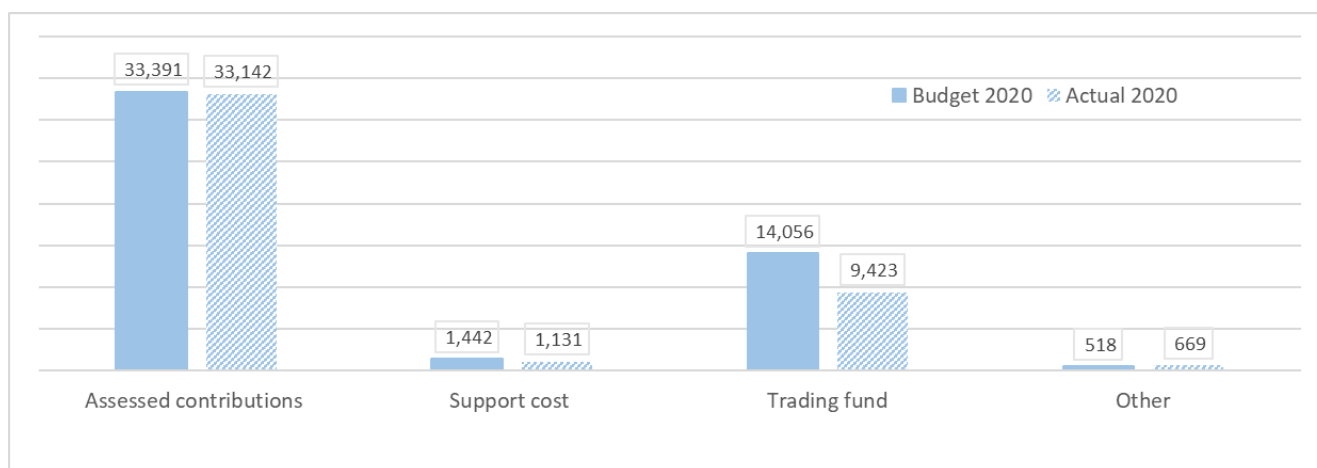
	Assessment Year			Amount £'000	
	2020	2019		2020	2019
All Member States			All Member States		
Full payment	130	143	Full payment	32,965	33,036
Partially/Unpaid	47	34	Partially/Unpaid	426	206
Total	177	177	Total	33,391	33,242

Budget performance

66 The 31st session of the Assembly held in December 2019 adopted resolution A.1132(31) on the Results-Based budget for the 2020-2021 biennium, in which it approved the budget for the financial periods 2020 and 2021 for the Organization's core funds. This included an appropriation for 2020 of £52,855,000 to be funded in part through projected income of £51,823,000. In considering the Organization's financial performance against its budgetary expectations for 2020, the overwhelming external factor has been the impact of the COVID-19 pandemic.

67 Considering first matters related to income, the Organization's major sources of budgeted income are shown in the chart below, which shows actual performance in 2020 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)



68 Overall the assessment income represents just under two thirds of the Organization's budgeted income. Assessed contributions of £33,141,500 represents amounts received of £32,965,247 in relation to the 2020 assessment and £176,253 towards the settlement of arrears from prior years. For 2020 the total budgeted assessment was £33,391,000. In the context of the COVID-19 pandemic, maintaining a collection rate of 99% for 2020 represents a strong degree of commitment from IMO's Member States to supporting its work in such challenging times.

69 For 2020, Trading Fund income of £9.4m fell short of the amount budgeted by £4.6m (33%). There is no indication that this represents a permanent downturn in publishing sales revenue, but rather reflects the unique situation faced in 2020. During the early part of the pandemic, distribution of publication titles was disrupted as a result of global lockdowns. Much of the publication's revenue is produced from a relatively small number of titles, and the disruption in the Organization's meetings programme had a consequential impact on the release of new titles. This particularly affected major titles such as the IMDG Code.

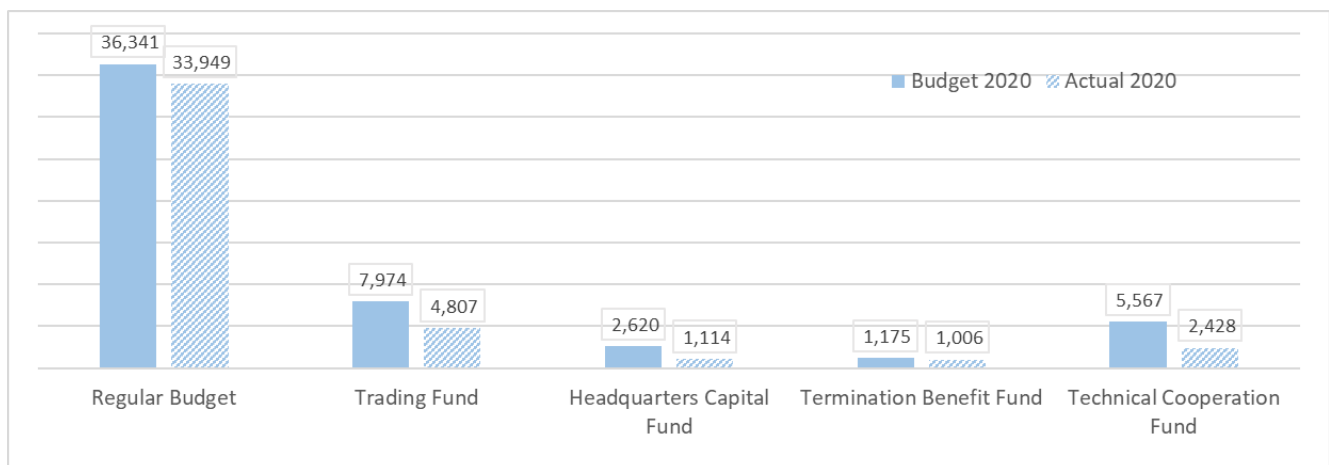
70 This combination of factors could have had an even more dramatic impact, however - the focus of the publications team during 2020 was on rebuilding core sales and the distribution network, leveraging electronic publication channels, while limiting costs wherever possible. With the IMO Headquarters closed due to COVID-19, the despatch of printed publications, usually done in-house, had to be suspended. In order to keep supplying customers with hard copies, a procurement procedure took place to identify ways of continuing despatching products. As a result of the success of these efforts,

printed publications were despatched straight from the printers' facilities and warehouse, facilitating sales that would otherwise not take place. In addition, provisions were put in place for the Despatch Team to be prioritized in the reopening of the IMO building. Unfortunately, due to the COVID-19 measures in place, the catering function remained closed for a significant part of 2020, with minimal hosting of external events during the year and reduced catering income. This resulted in substantially lower sales than originally planned and budgeted for 2020.

71 Support cost income earned is based directly on delivery of project and Trading Fund work, and consequently as delivery rates fell as a result of the pandemic, so too did support cost income, which achieved only £1.1m, or 78% of budgeted levels. The Organization's other income represents investment income, cost recovery from other Organizations and rental income – these various sources contributed £0.7m in revenue, 29% higher than budgeted, primarily as a result of additional sub-lease income.

72 Considering now the budget performance from an expenditure perspective, the actual expenditure for each Fund against the final 2020 budget is shown in the chart below:

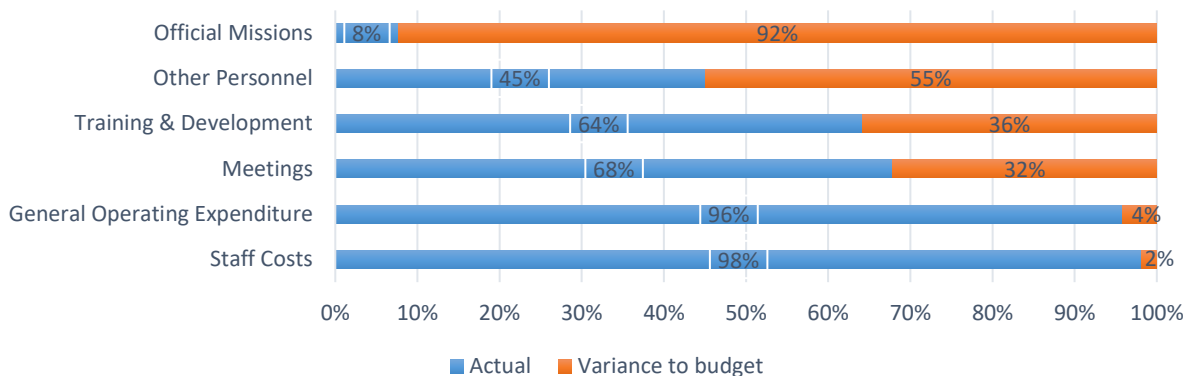
Chart V: Budget expenditure against actual expenditure by Fund (in £'000)



73 The expenditure for 2020, as shown in Statement V(a) was £43.3m, £10.4m below the approved budget amount. Recognizing the impact that the pandemic would have on both the Organization's work programme for 2020 and the financial challenges facing all Member States, the Secretariat has paid particular emphasis on cost containment during the year. Cost management has included a prudent approach to recruitment, reviews of the requirement for temporary staff, and reallocation of resources to meet new needs wherever possible. As a matter of principle, discretionary expenditure has been kept to a minimum during 2020, in addition to areas such as mission travel where cost savings have arisen naturally as a result of the impact of the pandemic. The key highlights are set out in the following paragraphs.

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

Chart VI: 2020 regular budget variance analysis to budget



75 The key areas where the work programme has been restricted, with their budgetary impact, are summarized out below:

- **Significant revision to the meetings programme** – from March 2020 onwards the meetings programme has been seriously affected by the pandemic. The revised meeting programme for 2020 differed significantly from that on which the budget was based. Suspension of the meetings programme resulted in some cost savings, while there have been additional costs associated with trialling and introducing virtual meeting technology – costs for the KUDO system used to support virtual meetings during 2020 totalled approximately \$85k. Overall, savings of £340k were made in the direct cost of meetings for 2020;
- **Postponement of parts of the IMO Member State Audit Scheme (IMSAS)** – the Council endorsed the revised overall audit schedule, with the effect inter alia of postponing the audits scheduled for 2020 to 2021. The audit work for 2020 concentrated on audit follow-up for audits conducted in 2016 and 2017. Document-based audits commenced and draft audit follow-up reports (DAFRs) represented a key areas of focus for the year. The direct costs to the regular budget of IMSAS relate primarily to mission travel, and the postponement has been a major contributor to the expected saving on mission travel costs;
- **Safety, wellbeing and changes in working methods of IMO staff and delegates during the COVID-19 pandemic** – the Secretariat, led by the Administrative Division and coordinated by the Senior Management Committee and a Crisis Operations Group worked on the direct health and safety and productivity challenges produced by the pandemic. This saw a smooth transition to a remote working modality for all Secretariat staff when the building was closed in March 2020, which allowed the Secretariat to continue working efficiently and effectively throughout the year. Later, the planning work shifted to development and implementation of plans to reopen the building in a safe, phased and cautious manner consistent with World Health Organization guidance and that provided by the host country, and has also been concerned with the wellbeing of staff working remotely under challenging conditions. This work carried some direct costs, most notably in preparation of the signage and other building adjustments necessary to make the Headquarters a COVID-safe environment; costs of initial deep-cleaning of the building; additional IT costs to efficiently move the Secretariat to a remote-working environment; and specific costs related to medical services and protective equipment. To date, these costs total approximately £60,000, and these were absorbed within the existing budget through careful cost management and reprioritization and were offset in part with a reduction of costs negotiated with facilities management suppliers

while the building was closed. There have been further additional costs, for example those associated with a weekly deep clean of the building which has been introduced since it reopened, but these have been offset through careful contract management with suppliers, focusing efforts on key areas.

76 The impact of the pandemic on the Trading Fund is reflected by the under-utilisation of £3.1m (40%) during 2020. For publishing activities this was attributable to lower levels of production and promotional activities in the first half of the year, to the postponement of major projects planned for 2020, and to careful cost management. For the catering function, the reduction in events and closure of the building directly led to a reduction in the costs of the catering function during the lockdown.

77 Expenditure funded by the Headquarters Capital Fund (HQCF) was also directly impacted by the pandemic, particularly with the postponement of planned works for the refresh of the Audio-Visual equipment in the Main Hall of the Headquarters building. This work remains essential, however the practical challenges in letting such a significant contract during the pandemic, coupled with a reassessment of the technology requirements to provide the facility to support hybrid or remote meetings in a seamless manner, have resulted in the work being delayed to 2021. At the same time a number of urgent pandemic-related investments were required during 2020 to make adaptations to the building to make infrastructure changes to support remote working, and to ensure appropriate health and safety could be maintained where the building is used, with a cost in the region of £107k. In aggregate, these factors contributed to an under-utilization of £1.5m (57%) on the HQCF, with most of the postponed investment expected to take place during 2021.

78 The Termination Benefit Fund (TBF) under-utilisation of £169k (14%) reflects the fact that there were fewer separations during 2020 than had been expected. Forecasting separations will continue to be a challenging exercise, with some compensating effects between the staff cost budget line in the regular budget and the separation and repatriation costs budgeted for under the TBF

79 The final budget for technical cooperation (TC) activities financed from the Technical Cooperation Fund comprised the originally approved appropriation for 2020 of £5,206,000 and the budget brought forward from 2019 of £361,020 to finance some postponed activities. With the suspension of delivery of parts of the Integrated Technical Cooperation Programme (ITCP), TC Fund expenditure for 2020 amounted to £2,428,309 or under-utilization of £3.1m (56%) from the budget. With the challenges associated with international travel, some components of the ITCP have been suspended since March 2020 while others, including funding of fellowships for students at the World Maritime University and the IMO International Maritime Law Institute, have continued.

80 The results of these cost containment measures across all Funds provides a degree of financial security against the uncertain situation for 2021, with the additional costs necessary to support a more intensive and technology-dependent meeting programme in particular in mind. To this end, the IMO Council approved in principle the use of Financial Regulation 4.5 allowing the Secretary-General to transfer any uncommitted funds from the first year to the second year of the biennium, noting that any such transfer would be reported to the Council in due course. A continued focus on prudent budget management during 2021 will allow any remaining amounts to be used to reduce the assessment funding necessary to support the 2022-2023 work programme.

LETTER OF TRANSMITTAL

ORGANISATION
MARITIME
INTERNATIONALE



ORGANIZACIÓN
MARÍTIMA
INTERNACIONAL

28 February 2021

Dr. Agung Firman Sampurna,
Chairman
Audit Board of the Republic of Indonesia
Jl. Gatot Subroto 31, Jakarta 10210
Indonesia

Letter of Transmittal

Dear Dr. Sampurna,

Pursuant to the financial regulation 11.2, we have the honour to submit the financial statements for the year ended 31 December 2020 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 2020, 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 2020.

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 of 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.

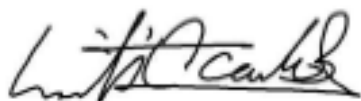
- 1 The financial statements have been prepared and presented in accordance with:
 - a. the International Public Sector Accounting Standards;
 - b. the Financial Regulations and Financial Rules of the Organization; and
 - c. the accounting policies of the Organization, as summarized in note 1 to the 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 account receivables have been included in financial statements and represent valid claims against debtors. Apart from the estimated uncollectable contributions receivable as presented in note 2.2, we expect all significant accounts receivables at 31 December 2020 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 2020, have been disclosed in note 2.9 and 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 2020 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 was 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 events since the IMO reporting date of 31 December 2020 that necessitate revision of the information presented in the financial statements thereto.



Arsenio Dominguez
Director, Administrative Division



Kitack Lim
Secretary-General

28 February 2021

STATEMENT ON INTERNAL CONTROL FOR THE YEAR ENDED 31 DECEMBER 2020

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 the principal risks, to evaluate the nature and extent of those risks and to 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 2020, and is up to the date of the approval of the Organization's 2020 financial statements.

Risk management and internal control

5. The Organization operates a Risk Management Framework, developed and approved by the Council, and is required to have an annual risk assessment exercise to identify and analyse risks to the delivery of those aspects of the Strategic Plan and High-level Action Plan which are the responsibility of the Secretariat, and to develop and implement mitigation plans where those risks are considered to be unacceptably high. While there is an annual exercise of risk assessment and evaluation, the application of the principles of risk management and the mitigation of risk to the extent practically possible is an ongoing process. The outcome of both the annual risk review exercise and the ongoing monitoring of risk inform 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 2020 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 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;
- 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 the course of their annual audit and provides the Council and Assembly with an opinion on the accuracy of the Organization's financial statements; and
- the Council and, specifically, its Council Working Group on Risk Management, which reviews the outcomes of the annual risk assessment exercise and identifies any action which it believes is necessary to address the findings thereof.

7. For the year 2020, 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 2020, and up to the date of the approval of the financial statements for that year.



Arsenio Dominguez
Director, Administrative Division



Kitack Lim
Secretary-General

28 February 2021

REPORT OF THE EXTERNAL AUDITOR: OPINION ON THE ORGANIZATION'S FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020



**CHAIRMAN
AUDIT BOARD
REPUBLIC OF INDONESIA**

Letter from the External Auditor to the Chairman of the Council of the International Maritime Organization


Num.: 70 /S/1/05/2021

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

Dear Chairman,

In accordance with Article XII of the Organization Financial Regulations and Financial Rules, I have the honour to present our Report to the Council of the International Maritime Organization for onward transmission to the Assembly. This report comprises the External Auditor Opinion and Long-Form Report and the Audited Financial Statements of the International Maritime Organization for the year ended 31 December 2020.

A handwritten signature in black ink, appearing to be 'A. Firman'.

Dr. Agung Firman Sampurna, CSFA, CFA, CGCAE 
Chairman of the Audit Board of the Republic of Indonesia
External Auditor

Jakarta, Indonesia
21 May 2021



THE AUDIT BOARD OF THE REPUBLIC OF INDONESIA

AUDIT OPINION

**CERTIFICATE OF THE EXTERNAL AUDITOR ON THE FINANCIAL STATEMENTS OF
THE INTERNATIONAL MARITIME ORGANIZATION
AS AT AND FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020**

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 2020; and 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 2020, and financial performance and cash flows for the year 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 2020, 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 have 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
21 May 2021

INTERNATIONAL MARITIME ORGANIZATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

INTERNATIONAL MARITIME ORGANIZATION
STATEMENT I
STATEMENT OF FINANCIAL POSITION
as at 31 December 2020
(GBP)

	Note	IMO		Consolidated	
		2020	2019	2020	2019
ASSETS					
Current assets					
Cash and cash equivalents	2.1	81,156,566	73,781,067	99,578,137	92,030,732
Contributions receivable	2.2	789,049	744,165	798,745	757,283
Inventories	2.3	474,945	1,061,365	519,659	1,089,927
Advances to sub-contractors	2.4	617,261	890,503	617,261	890,503
Other receivables – exchange transactions	2.5	2,363,641	2,312,288	3,206,915	3,263,590
Other receivables – non-exchange transactions	2.5	-	-	480,476	13,467
Total current assets		85,401,462	78,789,388	105,201,193	98,045,502
Non-current assets					
Investment in bonds	2.6	-	-	2,175,153	2,136,706
Property, plant and equipment	2.7	1,239,061	1,589,978	1,472,881	1,808,921
Intangible assets	2.8	8,998	112,201	102,444	216,317
Total non-current assets		1,248,059	1,702,179	3,750,478	4,161,944
TOTAL ASSETS		86,649,521	80,491,567	108,951,671	102,207,446
LIABILITIES					
Current liabilities					
Payables and accruals – exchange transactions	2.9	2,556,999	3,144,423	2,885,315	3,573,103
Payables and accruals – non-exchange transactions	2.9	5,635,179	6,346,550	10,840,650	12,672,758
Provisions for warranties – exchange transactions	2.10	53,813	82,852	53,813	82,852
Employee benefits	2.11	234,508	297,278	280,074	325,508
Finance lease liabilities	2.12	101,825	151,713	101,825	151,713
Total current liabilities		8,582,324	10,022,816	14,161,677	16,805,934
Non-current liabilities					
Employee benefits	2.11	51,060,884	48,819,639	52,580,486	50,027,342
Finance lease liabilities	2.12	-	101,825	-	101,825
Total non-current liabilities		51,060,884	48,921,464	52,580,486	50,129,167
TOTAL LIABILITIES		59,643,208	58,944,280	66,742,163	66,935,101
NET ASSETS		27,006,313	21,547,287	42,209,508	35,272,345
Fund balances and reserves	2.13	21,547,287	17,702,170	35,811,439	29,477,447
Surplus for the year		5,459,026	3,845,117	6,398,069	5,794,898
TOTAL FUND BALANCES AND RESERVES	2.13	27,006,313	21,547,287	42,209,508	35,272,345

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 2020
(GBP)

	Note	IMO		Consolidated	
		2020	2019	2020	2019
REVENUE					
Assessed contributions	3.1	33,391,000	33,242,000	33,391,000	33,242,000
Donor voluntary contributions	3.2	12,230,298	11,441,314	18,713,979	17,995,354
Commercial activities	3.3	10,198,148	15,125,571	11,572,535	16,587,439
Fellowships	3.4	-	-	5,828,086	5,777,277
Other revenue	3.5	367,818	692,819	587,736	1,427,506
TOTAL REVENUE		56,187,264	60,501,704	70,093,336	75,029,576
EXPENSES					
Staff and other personnel costs	4.1	36,797,077	36,279,639	45,409,644	44,547,483
Travel expenses	4.2	349,878	2,369,562	564,264	3,190,223
Supplies, consumables and other running costs	4.3	6,223,367	5,451,974	7,013,858	6,646,357
Costs related to trading activities	4.4	1,009,217	2,019,389	1,013,974	2,029,765
Outsourced services	4.5	1,615,515	2,620,126	2,031,729	2,969,355
Training and development	4.6	1,898,279	4,697,008	2,532,867	6,629,017
Depreciation, amortization and impairment	4.7	1,139,996	1,030,083	1,350,358	1,181,505
Return of unspent funds	4.8	257,778	291,757	257,778	291,757
Other expenses	4.9	487,857	866,979	655,310	1,068,352
TOTAL EXPENSES		49,778,964	55,626,517	60,829,782	68,553,814
OPERATING SURPLUS FOR THE YEAR		6,408,300	4,875,187	9,263,554	6,475,762
Currency exchange loss	4.10	(949,274)	(1,030,070)	(2,865,485)	(680,864)
NET SURPLUS FOR THE YEAR		5,459,026	3,845,117	6,398,069	5,794,898

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 2020
(GBP)
Accumulated Surpluses/Fund Balances

	Note	IMO		Consolidated	
		2020	2019	2020	2019
Opening balance 1 January		21,547,287	18,989,088	35,272,345	31,649,352
Surplus for the year	6.2	5,459,026	3,845,117	6,398,069	5,794,898
Other movements on reserves					
Transfers	2.13	-	-	(697,681)	-
Actuarial loss for the year	2.11	-	(1,286,918)	-	(1,286,918)
Exchange rate effect	10	-	-	1,236,775	(884,987)
Total movement for the year		5,459,026	2,558,199	6,937,163	3,622,993
TOTAL NET ASSETS		27,006,313	21,547,287	42,209,508	35,272,345

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

INTERNATIONAL MARITIME ORGANIZATION
STATEMENT IV STATEMENT OF CASH FLOW
for the year ended 31 December 2020
(GBP)

	Note	IMO 2020	2019	Consolidated 2020	2019
Cash flow from operating activities:					
Surplus for the period¹		5,120,795	4,562,515	7,894,262	5,780,392
Interest earned	3.5	288,619	652,871	415,905	987,241
(Increase)/decrease in contributions receivable	2.2	(44,884)	(310,939)	(41,462)	(312,742)
(Increase)/decrease in inventories	2.3	586,420	(3,521)	570,268	(40)
(Increase)/decrease in advances to sub-contractors	2.4	273,242	(162,482)	273,242	(162,482)
(Increase)/decrease in other receivables	2.5	(51,353)	(495,381)	(410,334)	(487,969)
Depreciation of property, plant and equipment ²	2.7	659,290	615,983	898,600	667,363
Net (gain)/loss on disposal of Property, Plant and Equipment	2.7	(27,287)	-	(32,187)	2,072
Amortization of intangible assets ²	2.8	106,601	328,825	163,334	344,889
Increase/(decrease) in payables and accruals	2.9	(1,298,795)	(949,903)	(2,519,896)	(2,005,894)
Increase/(decrease) in provisions for warranties	2.10	(29,039)	(5,463)	(29,039)	(5,463)
Increase/(decrease) in employee benefits	2.11	2,178,475	3,543,715	2,507,710	3,657,093
Net cash flows from operating activities		7,762,084	7,776,220	9,690,403	8,464,460
Cash flows from investing activities:					
Investment in term deposit and bonds	2.6	-	-	(38,447)	40,351
Purchases of property, plant and equipment ²	2.7	(308,373)	(555,008)	(566,648)	(580,369)
Purchases of intangible assets ²	2.8	(3,398)	(8,000)	(49,461)	(128,180)
Proceeds from sale of property, plant and equipment	2.7	27,287	-	36,275	-
Net cash flows from investing activities		(284,484)	(563,008)	(618,281)	(668,198)
Cash flows from financing activities:					
(Decrease) in finance lease liabilities	2.12	(151,713)	(145,821)	(151,713)	(145,821)
Net cash flows from financing activities		(151,713)	(145,821)	(151,713)	(145,821)
Other movements in net assets	2.13	-	(1,286,918)	(697,681)	(1,286,918)
Gain/(loss) on exchange on consolidation	2.13	-	-	1,236,775	(884,987)
Effect of exchange rate changes on cash and cash equivalents	4.10	49,612	(1,370,269)	(1,912,098)	(972,735)
Net increase/(decrease) in cash and cash equivalents		7,375,499	4,410,204	7,547,405	4,505,801
Cash and cash equivalents at beginning of the year	2.1	73,781,067	69,370,863	92,030,732	87,524,931
Cash and cash equivalents at end of the year	2.1	81,156,566	73,781,067	99,578,137	92,030,732

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

¹ IMO - surplus of £5,459,026 (2019: surplus of 3,845,117), less interest earned of £288,619 (2019: £652,871), and less gain on exchange of cash and cash equivalents of £49,612 (2019: loss of £1,370,269); and Consolidated Group - surplus of £6,398,069 (2019: surplus of £5,794,898), less interest earned of £415,905 (2019: £987,241), and plus loss on exchange of cash and cash equivalents of £1,912,098 (2019: loss of £972,735).

² 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. 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 2020
(GBP)

	Budget Amounts ²				Actual Amounts on Comparable Basis ²		Variances: Final Budget and Actual Amounts	
	Original 2020	Original 2019	Final 2020	Final 2019	2020	2019	2020	2019
Receipts¹								
Assessed contributions	33,391,000	33,242,000	33,391,000	33,242,000	33,141,500	33,381,166	(249,500)	139,166
Support costs income	1,442,000	1,536,000	1,442,000	1,536,000	1,130,506	1,658,846	(311,494)	122,846
Trading income	14,056,000	12,048,000	14,056,000	12,048,000	9,423,154	14,416,016	(4,632,846)	2,368,016
Other income	518,000	156,000	518,000	156,000	668,940	367,036	150,940	211,036
Funds Transfer ³	2,416,000	910,000	2,416,000	1,410,000	2,416,000	1,410,000	-	-
Total receipts	51,823,000	47,892,000	51,823,000	48,392,000	46,780,100	51,233,064	(5,042,900)	2,841,064
Payments¹								
Regular budget strategic results	36,214,000	35,429,000	36,340,597	35,515,101	33,949,417	33,266,781	2,391,180	2,248,320
Trading	7,905,000	6,729,000	7,974,139	6,729,000	4,806,659	6,042,955	3,167,480	686,045
Headquarters capital	2,355,000	1,167,000	2,620,225	1,479,061	1,114,277	1,156,379	1,505,948	322,682
Termination/separation	1,175,000	859,000	1,175,000	1,359,000	1,006,137	1,154,601	168,863	204,399
Training and development ⁴	-	115,000	-	115,000	-	101,134	-	13,866
Technical cooperation (TC Fund)	5,206,000	4,850,000	5,567,020	5,052,301	2,428,309	4,229,408	3,138,711	822,893
Total payments	52,855,000	49,149,000	53,676,981	50,249,463	43,304,799	45,951,258	10,372,182	4,298,205
NET	(1,032,000)	(1,257,000)	(1,853,981)	(1,857,463)	3,475,301	5,281,806	5,329,282	7,139,269

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 the accrual basis (WMU & 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 2020 includes additional budget transfers for commitments made in prior years discharged in 2020 totalling £821,981 as detailed in Note 7.1.

4 The Training and Development Fund was closed effective 1 January 2020 in line with Assembly Resolution A.1132(31). Training and development budgets and expenditure now form a part of the regular budget strategic results.

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 2020
(GBP)

	Budget Amounts ²				Actual Amounts on Comparable Basis ²		Variances: Final Budget and Actual Amounts	
	Original 2020	Original 2019	Final 2020	Final 2019	2020	2019	2020	2019
Receipts¹								
Assessed contributions	33,391,000	33,242,000	33,391,000	33,242,000	33,141,500	33,381,166	(249,500)	139,166
Support costs income	1,442,000	1,536,000	1,442,000	1,536,000	1,130,506	1,658,846	(311,494)	122,846
Trading income	14,056,000	12,048,000	14,056,000	12,048,000	9,423,154	14,416,016	(4,632,846)	2,368,016
Other income	518,000	156,000	518,000	156,000	668,940	367,036	150,940	211,036
Funds Transfer ³	2,416,000	910,000	2,416,000	1,410,000	2,416,000	1,410,000	-	-
<i>IMO Subtotal</i>	<i>51,823,000</i>	<i>47,892,000</i>	<i>51,823,000</i>	<i>48,392,000</i>	<i>46,780,100</i>	<i>51,233,064</i>	<i>(5,042,900)</i>	<i>2,841,064</i>
WMU	12,906,500	12,754,600	13,369,100	13,297,300	11,679,600	12,516,700	(1,689,500)	(780,600)
IMLI	2,010,652	1,673,474	2,010,652	1,673,474	1,891,217	1,945,677	(119,435)	272,203
<i>Subtotal Education and research</i>	<i>14,917,152</i>	<i>14,428,074</i>	<i>15,379,752</i>	<i>14,970,774</i>	<i>13,570,817</i>	<i>14,462,377</i>	<i>(1,808,935)</i>	<i>(508,397)</i>
Overall total receipts	66,740,152	62,320,074	67,202,752	63,362,774	60,350,917	65,695,441	(6,851,835)	2,332,667
Payments¹								
Regular budget strategic results	36,214,000	35,429,000	36,340,597	35,515,101	33,949,417	33,266,781	2,391,180	2,248,320
Trading	7,905,000	6,729,000	7,974,139	6,729,000	4,806,659	6,042,955	3,167,480	686,045
Headquarters capital	2,355,000	1,167,000	2,620,225	1,479,061	1,114,277	1,156,379	1,505,948	322,682
Termination/separation	1,175,000	859,000	1,175,000	1,359,000	1,006,137	1,154,601	168,863	204,399
Training and development ⁴	-	115,000	-	115,000	-	101,134	-	13,866
Technical cooperation (TC Fund)	5,206,000	4,850,000	5,567,020	5,052,301	2,428,309	4,229,408	3,138,711	822,893
<i>IMO Subtotal</i>	<i>52,855,000</i>	<i>49,149,000</i>	<i>53,676,981</i>	<i>50,249,463</i>	<i>43,304,799</i>	<i>45,951,258</i>	<i>10,372,182</i>	<i>4,298,205</i>
WMU	12,499,100	12,352,000	13,086,800	12,527,100	10,533,700	11,571,200	2,553,100	955,900
IMLI	1,945,144	1,648,343	1,945,144	1,648,343	1,687,262	1,644,086	257,882	4,257
<i>Subtotal Education and research</i>	<i>14,444,244</i>	<i>14,000,343</i>	<i>15,031,944</i>	<i>14,175,443</i>	<i>12,220,962</i>	<i>13,215,286</i>	<i>2,810,982</i>	<i>960,157</i>
Overall total payments	67,299,244	63,149,343	68,708,925	64,424,906	55,525,761	59,166,544	13,183,164	5,258,362
NET	(559,092)	(829,269)	(1,506,173)	(1,062,132)	4,825,156	6,528,897	6,331,329	7,591,029

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 the accrual basis (WMU & 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 Final Budget for 2020 includes additional budget transfers for commitments made in prior years discharged in 2020 totalling £821,981 as detailed in Note 7.1.

4 The Training and Development Fund was closed effective 1 January 2020 in line with Assembly Resolution A.1132(31). Training and development budgets and expenditure now form a part of the regular budget strategic results.

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

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

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. The appropriate International Financial Reporting Standard (IFRS) has been applied where an IPSAS does not address a particular issue. 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 key staff, both management and academic, 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 dissolution of 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 alone 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. Resulting gains or losses are accounted for in the Statement of Financial Performance.

6 The outbreak of the COVID-19 pandemic and the measures adopted by the host government and governments worldwide to mitigate the pandemic's spread has had an impact on the Organization's ability to carry out technical aspects of its work; the most notable is around the restriction on travel. However, the Organization has the adequate resources to continue its operations on a going concern basis.

Cash and Cash Equivalents

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

8 The effective date of IPSAS 41 on Financial Instruments was deferred by one year to 1 January 2023 due to the Covid-19 pandemic and the challenges it has created.

Contributions and Receivables

9 Assessed income on Member States is recognized as revenue when it falls due, normally on 1 January of the financial year for which the assessment is made.

10 Contributions are recognized as an asset when confirmed in writing by donors, with revenue normally being recognized at the same point. However, 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. The accounting treatment of donor contributions is determined on a case-by-case basis following the provisions of IPSAS 23 – "Revenue from Non-Exchange Transactions".

11 Even in the absence of conditions as defined in IPSAS 23, contributions from donors are typically received with restrictions over their use and are not available for the Organization's use entirely at its own discretion. Balances of reserves by fund are disclosed in Note 2.13, with all balances held under Bilateral Operations and Multi-Donor Trust Funds (MDTF) being subject to restrictions imposed either through the terms of the bilateral agreement or the Terms of Reference of the MDTF, respectively, and such reserves may only be used in accordance with these restrictions.

12 Receivables are stated at nominal value less allowance for estimated irrecoverable amounts and discounted, where appropriate, if cash flows are not expected within 12 months of the reporting date.

13 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.

Revenue

14 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.

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

Inventories

16 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.

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

18 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 obsolescence. Obsolete books are held at nil value until their disposal.

19 Slow-moving titles, with an excess of three years' stock on hand, are considered to be impaired, with a 50% reduction in value.

20 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

21 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

22 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.

23 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.

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

Intangible Assets

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

26 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.

27 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

28 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.

29 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.

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

31 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 so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating Leases

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

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

Employee Benefits Liabilities

34 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.

35 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 have been amended during the reporting period.

36 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.

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

38 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 performance of duties.

39 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

40 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.

41 A high proportion of the Organization's sales of publications are made through distributors 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 will 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.

42 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

43 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.

44 IMO classifies all projects, operations and fund activities into four segments: i) Core Programme Management; ii) Technical Cooperation and Extra-budgetary 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.

45 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, Training and Development Fund and Termination Benefit Fund are grouped under this segment.

46 Under Technical Cooperation and Extra-budgetary Activities, the Organization provides Member States with technical cooperation and extra-budgetary planning and implementation services. Such activities are primarily funded through the surplus of the Organization's commercial activities and through 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.

47 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, and partly through the surplus of the Organization's commercial activities.

48 As the Organization undertakes commercial business activities, in particular, of 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

49 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 Training and Development 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**

Cash and Cash Equivalents	IMO		Consolidated	
	2020 GBP	2019 GBP	2020 GBP	2019 GBP
Bank and Imprest Cash	22,856,490	15,875,826	39,006,947	31,270,009
Short-term deposits	58,296,881	57,901,935	60,566,881	60,756,135
Other cash and cash equivalents	3,195	3,306	4,309	4,588
TOTAL CASH AND CASH EQUIVALENTS	81,156,566	73,781,067	99,578,137	92,030,732

50 Cash required for immediate disbursement is maintained in cash and 48 bank accounts, seven in British Pounds, 35 in US dollar, and six in Euros. Balances in the short-term deposit accounts are available at short notice.

51 The Organization does not place long-term investments in bonds or shares, nor does it make use of money market facilities such as hedging. Those deposits held at year end are measured at amortized cost that is discounted, using the effective interest method. Short-term deposits are investments held to maturity invested for a maximum of twelve months with an approved list of counterparties. The Organization's Investment Policy, established in accordance with Article IX of the Financial Regulations, focuses on capital retention rather than maximization of return on investment.

52 The Investment Policy 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, in order to diversify and manage investment risk.

53 Effective implementation of the Investment Policy is the responsibility of the IMO Treasury Committee, comprising of senior programme and administrative staff, along with an independent external expert financial adviser. The Committee meets on a regular basis and considers an investment proposal, along with information on the current cash position, cash flow projections and surplus funds available to invest together with the proposed counterparties and their credit ratings.

54 The table below shows the breakdown of the value of IMO's short-term deposit placements, including accrued interest as at 31 December 2020 by currency of investment and maturity date:

IMO Treasury Deposit			
Maturity Date	Currency	Amount	Value in GBP
15 March 2021	USD	24,724,806	18,296,374
15 March 2021	GBP	10,000,088	10,000,088
14 June 2021	GBP	20,000,279	20,000,279
14 December 2021	GBP	10,000,140	10,000,140
TOTAL SHORT-TERM DEPOSITS			58,296,881

55 IMLI holds short-term deposit of €2,500,000 (2019: €3,350,000), which is equivalent to £2,270,000 as at 31 December 2020 (2019: £2,854,200).

56 There have been no impairments of short-term deposits held by IMO and IMLI as at 31 December 2020.

Note 2.2: Contributions Receivable

Composition:	IMO		Consolidated	
	2020	2019	2020	2019
	GBP	GBP	GBP	GBP
Member States assessments	395,793	192,873	395,793	192,873
Donor voluntary contributions	393,256	551,292	402,952	564,410
TOTAL CONTRIBUTIONS RECEIVABLE	789,049	744,165	798,745	757,283

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

Member States assessments due:	IMO		Consolidated	
	2020	2019	2020	2019
	GBP	GBP	GBP	GBP
Total Contributions Receivable before allowance	1,256,285	1,007,101	1,256,285	1,007,101
Fair value adjustments	(505,428)	(459,164)	(505,428)	(459,164)
Allowance for doubtful accounts	(355,064)	(355,064)	(355,064)	(355,064)
NET CONTRIBUTIONS RECEIVABLE	395,793	192,873	395,793	192,873

58 The following table illustrates the composition of Member States' receivables.

Year of assessment:	IMO				Consolidated			
	2020 GBP		2019 GBP		2020 GBP		2019 GBP	
	Amount	%	Amount	%	Amount	%	Amount	%
2020	425,754	34			425,754	34		
2019	113,439	9	206,455	20	113,439	9	206,455	20
2018	44,632	4	90,864	9	44,632	4	90,864	9
2017 and earlier	672,460	53	709,782	71	672,460	53	709,782	71
NOMINAL VALUE OF RECEIVABLE	1,256,285	100	1,007,101	100	1,256,285	100	1,007,101	100

59 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 authorised 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.

60 The movements of the allowance for fair value adjustment and doubtful accounts during 2020 are as follows:

	Opening Balance 01.01.2020	Increase/ (Decrease)	Closing Balance 31.12.2020
	GBP	GBP	GBP
Fair value adjustment for Member States' arrears - IMO	459,164	46,264	505,428
Fair value adjustment for Member States' arrears - Consolidated	459,164	46,264	505,428
TOTAL ALLOWANCE FOR DOUBTFUL ACCOUNTS - IMO	355,064	-	355,064
TOTAL ALLOWANCE FOR DOUBTFUL ACCOUNTS - CONSOLIDATED	355,064	-	355,064

61 As at 31 December 2020 there were a total of 47 Member States and the former Socialist Federal Republic of Yugoslavia (SFRY) with outstanding balance. Of these, 39 had current year and prior year balances only. The remaining 8 and former SFRY had arrears prior to 2018. 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 2018 and earlier, it was assumed that the eventual cash flows will be sufficiently far in the future that the present value of those cash flows after discounting is approximately zero.

62 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.

63 Contributions receivable from donors include amounts due but not yet received undersigned donor agreements, other than those amounts for future periods dependent on the successful completion of earlier phases of work.

64 Contributions receivable from donors are shown net of contributions adjustments related to allowance for doubtful accounts based on an individual review of each receivable. Amounts due beyond 2020 are discounted based on likely timings of such future cash flows. A review of amounts due as at 31 December 2020 indicated that no such adjustments were required on outstanding balances.

65 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	
	2020 GBP	2019 GBP	2020 GBP	2019 GBP
IMO publications	463,433	1,038,753	463,433	1,038,753
Model courses	11,512	22,612	11,512	22,612
Public relations articles	-	-	44,714	28,562
TOTAL INVENTORIES	474,945	1,061,365	519,659	1,089,927

Inventories reconciliation – IMO	2020 GBP	2019 GBP
Opening inventories	1,061,365	1,057,844
Purchases	390,786	1,071,002
Total inventories available for sale	1,452,151	2,128,846
Cost of sales	(561,180)	(976,280)
Cost of free distributions	(5,434)	(9,008)
Inventory adjustment	(10,360)	2,269
Closing inventories	875,177	1,145,827
Allowance for impairment	(400,232)	(84,462)
TOTAL INVENTORIES	474,945	1,061,365

	Opening Balance 01.01.2020 GBP	Utilization GBP	Increase GBP	Closing Balance 31.12.2020 GBP
Allowance for impairment - obsolete books	84,462	-	400,232	484,694
TOTAL ALLOWANCE	84,462	-	400,232	484,694

66 A review of the stock holdings were carried out during mid-year and year-end in determining the provisions of £484,694, covering obsolescence, slow-moving and excess stock holdings.

67 As at 31 December 2020, WMU held inventory of public relations articles valued at £44,714 (2019: £28,562).

Note 2.4: Advances to Sub-Contractors

68 Advances to sub-contractors 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, 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. The total outstanding advances at the end of the financial period were made to the following:

Sub-Contractors	IMO	
	2020 GBP	2019 GBP
Intergovernmental Oceanographic Commission of UNESCO (IOC-UNESCO)	228,390	309,057
United Nations Development Programme - Service Clearing Account (UNDP SCA)	169,388	215,500
Central American Commission on Maritime Transport (COCATRAM)	63,037	22,535
The Secretariat of the Pacific Community (SPC)	40,214	172,062
Prefectura Naval Argentina (PNA)	37,400	38,562
Comisión Permanente del Pacifico Sur (CPPS)	29,171	13,223
Partnerships in Environmental Management for the Seas of East Asia (PEMSEA)	23,680	64
Others	25,981	119,500
TOTAL ADVANCES TO SUB-CONTRACTORS	617,261	890,503

Note 2.5: Other Receivables

	IMO		Consolidated	
	2020 GBP	2019 GBP	2020 GBP	2019 GBP
Relating to exchange transactions				
Advances to staff	881,144	1,057,667	935,406	1,113,348
Taxes recoverable	1,170,922	644,034	1,188,991	681,255
Advances to vendors	45,658	94,718	497,144	434,579
Fellowships	-	-	45,264	189,320
Miscellaneous	265,917	515,869	540,110	845,088
	2,363,641	2,312,288	3,206,915	3,263,590
Relating to non-exchange transactions				
Fellowships	-	-	459,412	-
Taxes recoverable	-	-	21,064	13,467
	-	-	480,476	13,467
TOTAL OTHER RECEIVABLES	2,363,641	2,312,288	3,687,391	3,277,057

69 Advances to staff are for Education Grants, travel and other staff entitlements made in accordance with the Staff Regulations and Staff Rules. The most significant advances to staff are shown below:

Advances to staff	IMO		Consolidated	
	2020 GBP	2019 GBP	2020 GBP	2019 GBP
Education Grant advance	612,702	648,061	666,794	696,120
Service incurred injury	202,065	203,543	202,065	203,543
Home leave prepayment	31,101	109,296	31,271	111,957
Season ticket loan	217	54,868	217	54,868
Others	35,059	41,899	35,059	46,860
TOTAL ADVANCES TO STAFF	881,144	1,057,667	935,406	1,113,348

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

71 Service incurred injury are medical cost advanced to staff due to workplace injury, which are recoverable from the insurance provider.

72 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 or an accrual where travel is primarily to be taken in the second year of entitlement.

73 Season ticket loans to staff are typically recovered through eleven equal monthly payroll deductions.

74 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. Due to the restrictions put in place as a result of the pandemic, officials from the host country were unable to perform the necessary audit for reimbursement; this will commence once the restrictions have been lifted.

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

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

77 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.

Note 2.6: Investment in Bonds

78 As at 31 December 2020, the total value of investment in bonds of £2,175,153 (2019: £2,136,706) represents the £812,916 (2019: £855,260) held by WMU and the £1,362,237 (2019: £1,281,446) held by IMLI. Total interest earned in 2020 and 2019 amounted to £13,272 (SEK 156,141) and £15,673 (SEK 186,160) for WMU respectively, and £13,516 (€15,186) and £25,563 (€29,016) for IMLI respectively.

79 WMU invested the contribution made towards the Endowment Fund in consistent with the long-term objective of growing capital base of the fund. The investment is managed by Nordea Bank and was placed in June 2017 in low-risk assets, i.e., fixed income investment in a portfolio consisting of corporate and hybrid bonds for a total nominal value of €1,000,000 with six counterparties (four counterparties at €200,000 and two counterparties at €100,000). The maturity dates of the investment in bonds ranged from 6 April 2020 to 15 January 2027 and with a yield ranging from 0.40% to 3.31% per annum. Total interest earned in 2020 and 2019 amounted to €14,810 (SEK 156,141) and €17,685 (SEK 186,160) respectively. During 2020, investment amounting to €100,000 matured, leaving a balance of €900,000 (SEK 9,032,400) in total investment as at 31 December 2020 (2019: €1,000,000/SEK 10,430,000).

80 Furthermore, IMLI allocated an amount of €1.5 million on 1 January 2018 to an investment fund that is managed by the Asset Management arm of the Bank of Valletta (BOV), a Maltese bank. The BOV subsidiary created a bespoke portfolio fund for IMLI in line with its investment parameters. The investment is expected to be held for a period of five years (the investment may be terminated by IMLI at any time but subject to IMLI giving the BOV notice of a 30-day calendar period). The initial investment of the fund was of €1,500,000. During the year, the total value of investment decreased by €3,784 to €1,500,261 as at 31 December 2020 (2019: €1,504,045). At the end of December 2020, the market value of the fund stood at €1,553,345, resulting in an appreciation in value of €53,084.

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 Balance 01.01.2020	2,874,475	1,604,154	122,636	618,473	777,602	114,800	6,112,230
Additions	164,298	72,143	59,023	6,328	-	6,581	308,373
Disposals	(387,566)	-	(37,992)	(10,044)	(13,818)	-	(449,420)
Closing Balance 31.12.2020	2,651,207	1,676,297	143,667	614,757	763,784	121,471	5,971,183
Accumulated Depreciation							
Opening Balance 01.01.2020	2,440,790	838,947	119,548	595,940	459,576	67,451	4,522,252
Depreciation charge for the year	239,148	225,100	9,458	9,053	163,427	13,104	659,290
Disposals	(387,566)	-	(37,992)	(10,044)	(13,818)	-	(449,420)
Closing Balance 31.12.2020	2,292,372	1,064,047	91,014	594,949	609,185	80,555	4,732,122
Net Book Value							
Opening Balance 01.01.2020	433,685	765,207	3,088	22,533	318,026	47,439	1,589,978
CLOSING BALANCE 31.12.2020	358,835	612,250	52,653	19,808	154,599	40,916	1,239,061

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 reviewed together with the estimated useful life 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 the 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 to determine if there is any impairment in their value. During 2020, 287 items of obsolete or traded-in property, plant and equipment with zero net book value were disposed of or de-recognized, as detailed in the table below:

Description	Number of Items	Purchase Value (GBP)
Desktops, Laptops, Printers, Monitors	250	189,650
Servers, Storage Devices, Radio, Miscellaneous	29	202,586
Chairs, Cupboards	4	4,563
Leased equipment	2	13,818
Vehicle	1	37,992
Audio Visuals	1	811
TOTAL	287	449,420

Asset category – Consolidated

GBP	Communication & IT equipment	Conference equipment	Vehicles	Furniture & fixtures	Leased equipment	Miscellaneous	Total
Cost							
Opening Balance 01.01.2020	3,614,825	1,604,154	242,621	941,112	777,602	315,829	7,496,143
Additions	214,996	72,143	114,174	24,961	-	14,912	441,186
Disposals	(454,722)	-	(71,185)	(35,332)	(13,818)	(13,333)	(588,390)
Exchange Rate Movement Differences	69,920	-	10,844	29,469	-	15,230	125,463
Closing Balance 31.12.2020	3,445,019	1,676,297	296,454	950,210	763,784	332,638	7,474,402
Accumulated Depreciation							
Opening Balance 01.01.2020	3,108,013	838,947	237,106	815,071	459,576	228,509	5,687,222
Depreciation charge for the year	291,331	225,100	23,680	54,886	163,427	34,219	792,643
Disposals	(454,722)	-	(71,185)	(31,244)	(13,818)	(13,333)	(584,302)
Exchange Rate Movement Differences	63,794	-	8,178	21,394	-	12,592	105,958
Closing Balance 31.12.2020	3,008,416	1,064,047	197,779	850,107	609,185	261,987	6,001,521
Net Book Value							
Opening Balance 01.01.2020	506,812	765,207	5,515	126,041	318,026	87,320	1,808,921
CLOSING BALANCE 31.12.2020	436,603	612,250	98,675	100,103	154,599	70,651	1,472,881

84 The total value reported under "Miscellaneous" as at 31 December 2020 includes the reference library of £8,327 (2019: £15,153) 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 £19,505 (2019: £16,258) resulting from the change in value of the Swedish Krona and Euro respectively from 1 January to 31 December 2020. Opening balances are presented at the exchange rate applicable on 1 January 2020 and closing balances at the rate applicable on 31 December 2020, 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 (£8,010) (2019: £7,929).

Note 2.8: Intangible Assets

GBP	Externally purchased software IMO	Externally purchased software Consolidated
Cost		
Opening Balance 01.01.2020	3,516,282	3,705,248
Additions	3,398	31,129
Disposals	(16,092)	(45,579)
Exchange Rate Movement Differences	-	18,332
Closing Balance 31.12.2020	3,503,588	3,709,130
Accumulated Amortization		
Opening Balance 01.01.2020	3,404,081	3,488,931
Amortization charge for the year	106,601	154,002
Disposals	(16,092)	(45,579)
Exchange Rate Movement Differences	-	9,332
Closing Balance 31.12.2020	3,494,590	3,606,686
Net Book Value		
Opening Balance 01.01.2020	112,201	216,317
CLOSING BALANCE 31.12.2020	8,998	102,444

87 Purchased intangible assets are capitalised 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 £9,000 (2019: £2,539) resulting from the change in value of the Swedish Krona from 1 January to 31 December 2020. Opening balances are presented at the exchange rate applicable on 1 January 2020 and closing balances at the rate applicable on 31 December 2020, while depreciation charges and additions for the year are shown at the average rate of exchange, consistent with Statement I and Statement II, respectively.

89 During the reporting year, a total of 15 (six for IMO and nine for WMU) acquired software with a purchase value of £16,092 for IMO and £29,487 (SEK 346,910) for WMU were de-recognized.

Note 2.9: Payables and Accruals

	IMO		Consolidated	
	2020 GBP	2019 GBP	2020 GBP	2019 GBP
Relating to exchange transactions				
Accruals	1,017,839	1,824,332	1,129,206	1,913,996
Payable to vendors	1,129,939	949,255	1,208,153	1,098,713
Advances from customers	262,611	300,664	333,650	300,665
Payable to staff	27,278	48,149	27,278	48,149
Fellowships	-	-	67,696	188,949
Deferred revenue	119,332	22,023	119,332	22,023
Other	-	-	-	608
Exchange Transactions	2,556,999	3,144,423	2,885,315	3,573,103
Relating to non-exchange transactions				
Fellowships	-	-	3,190,258	4,125,957
Condition on donor contributions	3,142,945	4,131,025	3,142,945	4,131,025
Advance contributions	2,099,023	1,691,121	4,114,236	3,626,107
Contributions Incentive Scheme	106,127	166,276	106,127	166,276
Deferred revenue	142,925	266,029	142,925	266,029
Payable to donors	144,159	92,099	144,159	266,271
Other	-	-	-	91,093
Non-Exchange Transactions	5,635,179	6,346,550	10,840,650	12,672,758
TOTAL PAYABLES AND ACCRUALS	8,192,178	9,490,973	13,725,965	16,245,861

90 Accruals represent estimates for the value of goods or services received, which have not yet been invoiced and for which the cost is not yet certain, most notably the provision of utilities and services delivered through the UNDP Service Clearing Account (SCA), and liabilities for goods and services received or provided to IMO during the period under agreed contracts but which have not yet been invoiced.

91 Payables to vendors relate to amounts due for goods and services for which invoices have been received.

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

93 Payable to staff represents travel claim on trip completion, reimbursement of expenses and unused annual leave for temporary staff.

94 Fellowships and donations received and accrued for the academic year 2020/2021 relating to WMU and IMU 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 2020 are disclosed as advance receipts.

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

96 The Organization recognizes as a liability conditions 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. As IMO satisfies 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 2020, is shown.

Condition on donor contributions	IMO		Consolidated	
	2020 GBP	2019 GBP	2020 GBP	2019 GBP
European Commission – Capacity Building for Climate Mitigation in the Maritime Shipping Industry	2,995,106	3,980,222	2,995,106	3,980,222
European Commission – Western Mediterranean Region Marine Oil and HNS Pollution Cooperation (West MOPoCo)	147,839	138,653	147,839	138,653
European Commission – Mediterranean Decision Support System for Marine Safety (MEDESS-4MS)	-	12,150	-	12,150
TOTAL	3,142,945	4,131,025	3,142,945	4,131,025

97 Advance contributions reflect balances received from Member States during 2020 towards the 2021 assessed contributions and beyond.

98 Under the Contributions Incentive Scheme (CIS), a part of the interest earned on the General Fund is returned to Member States, the allocation being based on a points system reflecting the timing and amount of the receipt of their current year assessments. The accumulated CIS earnings up to 2020 totalled £106,127 of which £77,250 relates to CIS earned during 2020 to be distributed during 2022. A residual balance for prior years amounting to £28,877 remains awaiting instruction from two Member States.

99 Payables to donors represent the balance of unspent contributions for projects pending refund.

Note 2.10: Provisions for warranties

	IMO		Consolidated	
	2020 GBP	2019 GBP	2020 GBP	2019 GBP
Publication sales warranties	53,813	82,852	53,813	82,852
TOTAL PROVISIONS FOR WARRANTIES	53,813	82,852	53,813	82,852

	Opening Balance 01.01.2020	Utilization	Increase	Closing Balance 31.12.2020
	GBP	GBP	GBP	GBP
IMO Publications	81,387	(70,355)	42,416	53,448
Model Courses	1,465	(247)	(853)	365
TOTAL ALLOWANCE	82,852	(70,602)	41,563	53,813

100 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	
	2020 GBP	2019 GBP	2020 GBP	2019 GBP
Current Liabilities				
Short-term employee benefits	234,508	197,878	280,074	226,108
Termination benefits	-	99,400	-	99,400
Total Current Employee Benefits	234,508	297,278	280,074	325,508
Non-Current Liabilities				
Post-employment benefits				
After service health insurance	43,962,547	41,740,761	43,962,547	41,740,761
Repatriation	4,622,360	4,560,544	5,618,860	5,412,039
Accrued Annual Leave	2,475,977	2,518,334	2,999,079	2,874,542
Total Non-Current Employee Benefits	51,060,884	48,819,639	52,580,486	50,027,342
TOTAL EMPLOYEE BENEFITS LIABILITIES	51,295,392	49,116,917	52,860,560	50,352,850

2.11.1 : Valuation of Employee Benefits Liabilities

101 Employee benefits liabilities are determined by professional actuaries or calculated by IMO based on personnel data and past payment experience. As at 31 December 2020, total employee benefits liabilities amounted to £51,295,392 (2019: £49,116,917), of which £51,060,884 (2019: £48,819,639) was calculated by the actuaries and £234,508 (2019: £297,278) was calculated by IMO. Actuarial valuations are typically undertaken every two years, the last full valuation was undertaken as at 31 December 2019.

102 In determining its post-employment liabilities, WMU used an estimate of the travel and shipment costs based on the prevailing market prices from the duty station to the home country to which the staff member and eligible dependants, if any, are entitled to return. The amount of the liability for the unused annual leave as at the reporting date was calculated based on the balance of unused annual leave days (up to a maximum of 60 days) and the current salary rate of the staff member. The employee benefits for home leave represents the amounts accrued for the year with the cost spread over two years.

2.11.2 : Short-Term Employee Benefits

103 Short-term employee benefits comprise mainly 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.

104 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.

105 There is an increase in current liabilities relating to home leave of £209,277 (2019: £162,006) for IMO and £254,843 (2019: £190,235) for consolidated. This was mainly due to home leave which have not been utilized due to the pandemic in 2020 as there were worldwide restrictions on travel. Majority of home leave travel intended for 2020 were postponed due to the COVID-19 coronavirus pandemic, and therefore the expenditure for those staff members that were entitled to travel during 2020 were accrued and the trips are deferred to 2021.

2.11.3 : Post-Employment Benefits

106 Arrangements relating to the UNUSPF are set out in Note 2.11.7.

107 ASHI is a plan that allows eligible retirees and their eligible family members to participate in the Cigna Medical Scheme (formerly Van Breda) 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. 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)

108 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 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.

109 The liabilities include the current service costs and the interest costs for 2020, less benefit payments made and, where applicable, plan participants' contributions in addition to the impact of the actuarial gains and losses.

2.11.4 : Other Long-Term Employee Benefits

110 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 twelve months from the reporting date.

2.11.5 : Termination Employee Benefits

111 As at 31 December 2020, there are no formal plans, without reasonable possibility of withdrawal, to finish the employment of staff members who have not yet separated from the Organization.

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

112 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.

2.11.6.1 : Actuarial Assumptions and Methods

113 Actuarial assumptions are required to be disclosed in the financial statements in accordance with IPSAS 39. During each actuarial study, IMO, in conjunction with the actuary, reviews and selects assumptions that will be used by the actuaries in the year-end valuation to determine the expense and contribution requirements for IMO's after-service benefit plans (post-employment benefits and unused accrued annual leave). In addition, each actuarial assumption is required to be disclosed in absolute terms.

114 The following assumptions have been used to estimate the value of the post-employment and accrued unused annual leave employee liabilities for IMO, as at 31 December 2019, based on the expenditure projections for the reporting period.

	31 December 2019	31 December 2017
General assumptions		
Discount rate	2.10% p.a.	2.8% p.a.
General inflation	2.0% p.a.	2.0% p.a.
Mortality	95% of S3PA tables	90% of S2PA tables
Mortality improvements	CMI_2018 projections with a long-term improvement rate of 1.25% pa	CMI_2016 projections with a long-term improvement rate of 1.25% pa
Withdrawal rates	3.25% pa fixed for all ages	
Retirement	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.	
Healthcare trend increases	4% p.a. fixed	
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.	
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 01.01.2020	41,740,761	4,560,544	2,518,334	48,819,639
Adjustment to 01.01.2020 balances				
Service cost for 2020	2,028,331	126,573	17,500	2,172,404
Interest cost for 2020	867,534	93,002	52,021	1,012,557
Actual cost for 2020	(674,079)	(157,759)	(111,878)	(943,716)
DEFINED BENEFIT OBLIGATION AS AT 31.12.2020	43,962,547	4,622,360	2,475,977	51,060,884

115 Actuarial gains and losses are recognised through the statement on Changes in Net Assets while service costs and interest costs are included as part of "Staff and Other Personnel Costs" in the Statement of Financial Performance.

116 The service and interest costs are based on projections for year to 31 December 2020 from the actuary valuation carried out for the reporting year 2019. The estimate is based on the assumptions adopted at the Review Date and assumes the following:

- Cash flows to and from the Plans are broadly unchanged from 2019 figures.
- There will be no events that would give rise to a settlement/curtailment/past service cost.
- Experience over the period is in line with the assumptions made and so there are no actuarial gains or losses.

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

2.11.6.3 : Summary of Prior Year Amounts

118 The cumulative amount presented in the statement of changes in net assets/equity is that generated as a result of the actuarial valuation carried out in 2019.

IMO	After-Service Health Insurance Plan GBP	Repatriation Benefit Plan GBP	Accrued Annual Leave Plan GBP	Total GBP
Actuarial (gain)/loss as at 01.01.2020	9,202,677	1,123,993	1,924,125	12,250,795
Actuarial (gain)/loss in 2020	-	-	-	-
ACTUARIAL (GAIN) LOSS AS AT 31.12.2020	9,202,677	1,123,993	1,924,125	12,250,795

119 As no Actuarial study was conducted for the year ended 31 December 2020, the assumptions underlying the liability remain unchanged and consequently there are no actuarial gains or losses for the year.

IMO	31.12.2020	31.12.2019	31.12.2018	31.12.2017	31.12.2016
	GBP	GBP	GBP	GBP	GBP
ASHI					
Present Value of Defined Benefit Obligation	43,962,547	41,740,761	40,172,966	40,303,417	35,507,753
Experience (gain) loss on Scheme Liabilities	-	(6,519,900)	-	1,701,085	-
Loss/(Gain) on changes in assumptions used to value Scheme liabilities	-	6,211,743	(2,091,480)	1,302,853	4,575,862
Repatriation					
Present Value of Defined Benefit Obligation	4,622,360	4,560,544	2,992,525	3,405,414	3,373,944
Experience (gain) loss on Scheme Liabilities	-	894,872	-	139,894	-
Loss/(Gain) on changes in assumptions used to value Scheme liabilities	-	359,368	-	(192,881)	243,836
Annual Leave					
Present Value of Defined Benefit Obligation	2,475,977	2,518,334	2,213,147	2,289,463	2,212,800
Experience (gain) loss on Scheme Liabilities	-	141,648	-	436,460	-
Loss/(Gain) on changes in assumptions used to value Scheme liabilities	-	199,187	-	(188,618)	184,807
Total (ASHI, REP, AL)					
Present Value of Defined Benefit Obligation	51,060,884	48,819,639	45,378,638	45,998,294	41,094,497
Experience (gain) loss on Scheme Liabilities	-	(5,483,380)	-	2,277,439	-
Loss/(Gain) on changes in assumptions used to value Scheme liabilities	-	6,770,298	(2,091,480)	921,354	5,004,505

2.11.6.4 : Expected Costs during 2021

120 The expected contribution of IMO in 2021 to the defined benefits plans is £1,401,162 (2020 estimate: £1,205,000). This has been derived from the 2020 paid figures with the ASHI payments unchanged for 2021 and the repatriation and annual leave payments increasing in line with general inflation.

2.11.7 : United Nations Joint Staff Pension Fund

121 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. As of 1 January 2019, staff members of WMU have become members of UNJSPF.

122 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.

123 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.

124 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.

125 The latest actuarial valuation for the Fund was completed as of 31 December 2019, and a roll forward of the participation data as of 31 December 2019 to 31 December 2020 will be used by the Fund for its 2020 financial statements.

126 The actuarial valuation as of 31 December 2019 resulted in a funded ratio of actuarial assets to actuarial liabilities, assuming no future pension adjustments, of 144.2% (139.2% in the 2017 valuation). The funded ratio was 107.1% (102.7% in the 2017 valuation) when the current system of pension adjustments was taken into account.

127 After assessing the actuarial sufficiency of the Fund, the Consulting Actuary concluded that there was no requirement, as of 31 December 2019, 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.

128 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 (2017, 2018 and 2019) amounted to USD 7,546.92 million, of which 0.27% was contributed by the Organization.

129 During 2020, contributions paid to the Fund amounted to USD 10,755,889 (2019: USD 9,960,595). Expected contributions due in 2021 are approximately USD 10,720,000.

130 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.

131 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**

132 The Organization has finance leases in place for provision of general office, high-volume photocopiers and Wi-Fi network equipment for its Headquarters building. The present values of future payments due under this lease agreement are shown below.

	IMO		Consolidated	
	2020	2019	2020	2019
	GBP	GBP	GBP	GBP
Current	101,825	151,713	101,825	151,713
Non-current	-	101,825	-	101,825
TOTAL FINANCE LEASE LIABILITIES	101,825	253,538	101,825	253,538

133 The difference between the minimum lease payments due and the present value of such payments is analysed in the following table:

	IMO			Consolidated		
	Minimum payments due	Finance charges	Present value of minimum payments	Minimum payments due	Finance charges	Present value of minimum payments
	GBP	GBP	GBP	GBP	GBP	GBP
Less than one year	103,592	1,767	101,825	103,592	1,767	101,825
One to five years	-	-	-	-	-	-
TOTAL FINANCE LEASE LIABILITIES	103,592	1,767	101,825	103,592	1,767	101,825

134 There are no sublease payments to be received on these leased assets. Ownership does not transfer to the Organization on conclusion of the lease, nor are there any options in place to purchase the equipment at that time. The lease agreement does not impose any restrictive covenants on the Organization. Neither WMU nor IMLI holds assets under finance leases.

2.12.2: Operating Leases

135 The Organization has two operating leases: 1) with the United Kingdom government for the use of its Headquarters building; and 2) with Tower Leasing for rental of coffee machines. The minimum lease payments under this lease are set out in the table below:

	IMO		Consolidated	
	2020	2019	2020	2019
	GBP	GBP	GBP	GBP
Not later than one year	1,212,846	1,195,751	1,212,846	1,195,751
Later than one year and not later than five years	6,030,040	5,978,755	6,030,040	5,978,755
Later than five years	7,174,506	8,370,257	7,174,506	8,370,257
TOTAL FUTURE MINIMUM LEASE PAYMENTS	14,417,392	15,544,763	14,417,392	15,544,763

136 The lease costs will be spread over the term of the lease on a straight-line basis, an amount of £1,212,846 having been recognized as annual expenditure in the period.

137 The lease of the building 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 (UK) 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.

138 The lease of the coffee machine expires on 31 December 2024 and does not contain renewal or purchase options. There is an option for early termination with one month's notice with a fixed penalty. At the end of the agreement, the equipment must be returned to the lessor.

Note 2.13: Fund Balances and Reserves

IMO	Opening Balance	Operating Surplus (Deficit) for the Period	Other Movements in Reserves	Closing Balance
	01.01.2020	for the Period	in Reserves	31.12.2020
	GBP	GBP	GBP	GBP
1. General Fund	14,084,315	(34,864)	-	14,049,451
2. Working Capital Fund	1,440,287	417,519	-	1,857,806
3. Trading Fund	10,214,865	(4,417,158)	-	5,797,707
4. Termination Benefit Fund	(35,460,868)	(24,713)	-	(35,485,581)
5. HQ Capital Fund	2,550,981	993,641	-	3,544,622
6. Training and Development Fund	270,181	(270,181)	-	-
7. Technical Cooperation Fund	11,628,709	3,896,358	-	15,525,067
8. Bilateral Operations and Multi-Donor Trust Funds¹:				
Government of Norway	3,240,037	2,106,029	-	5,346,066
Delivering Strategy and Reform – Voyage Together	3,920,114	59,359	-	3,979,473
United Nations Office on Drugs and Crime	-	1,502,886	-	1,502,886
Model Courses Development Trust Fund	1,600,763	(126,467)	-	1,474,296
International Maritime Security Trust (IMST) Fund	958,895	60,207	-	1,019,102
Government of China	692,001	137,372	-	829,373
GESAMP Trust Fund	698,340	97,762	-	796,102
Member States Professionals	680,954	18,396	-	699,350
Djibouti Code of Conduct Trust Fund	831,868	(163,207)	-	668,661
Government of the Republic of Korea	645,355	(74,526)	-	570,829
Other Bilateral Operations and Multi-Donor Trust Funds ²	3,550,490	1,280,613	-	4,831,103
TOTAL	21,547,287	5,459,026	-	27,006,313

Consolidated	Opening Balance	Operating Surplus (Deficit) for the Period	Other Movements in Reserves	Closing Balance
	01.01.2020	for the Period	in Reserves	31.12.2020
	GBP	GBP	GBP	GBP
TOTAL	35,272,345	6,398,069	539,094	42,209,508

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

140 The General Fund was established for the purpose of accounting for the expenditure of the Organization.

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, France, Germany, Ghana, Italy, Malaysia, Netherlands, Nigeria, Oman, Philippines, Saudi Arabia, United Arab Emirates, United Kingdom, United States of America, European Commission, International Transport Workers Federation, Norwegian Agency for Development Cooperation Union of Greek Ship-owners, United Nations Development Programme (UNDP), United Nations Environment Programme (UNEP), BallastWater TV Documentary, Global Industry Alliance Fund (GloBallast 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 (ISAR), London Convention-Protocol TC Trust Fund, Marine Pollution Response Fund, Research and Development Fund, Revision of the STCW Convention, Seminars and Workshops and Tsunami Relief Fund.

141 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 authorises 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.

142 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.

143 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 scope of the Fund was widened to allow the financing of the additional costs of temporary assistance required to replace staff on long-term sick leave. From 2012 it was further widened to accommodate long-term employee benefit liabilities previously allocated among all Funds on the basis of a headcount.

144 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.

145 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 office automation systems, including training on these systems.

146 The Training and Development Fund was established with effect from 1 January 2002 by Assembly resolution A.906(22) at an initial level of £200,000 by a transfer from the surplus of the then Printing Fund. As part of the organizational strengthening initiatives and through Assembly resolution A.1132(31), the Training and Development Fund was closed during 2020 with the balance of the fund transferred to the General Fund. Training and Development activities for the Secretariat are now included within the Organization's regular budget.

147 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**

148 Total assessed contributions for 2020 amounted to £33,391,000 (2019: £33,242,000) from 174 Member States and 5 Associate Members and the organization's ten 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	4,731,399	14.2
2	Liberia	3,581,864	10.7
3	Marshall Islands	3,445,407	10.3
4	Singapore	2,047,004	6.1
5	China	1,821,626	5.5
6	Malta	1,776,992	5.3
7	Hong Kong	1,408,590	4.2
8	Bahamas	1,362,522	4.1
9	United Kingdom	1,176,125	3.5
10	Greece	911,174	2.7
TOTAL		22,262,703	66.6

149 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-third session scale of assessments for 2019-2021 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 HIS Markit Maritime & Trade, following the procedures established in Circular letter No. 3347.

Note 3.2: Donor Voluntary Contributions

150 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.

151 Revenue from contributions received from donors during the reporting period amounted to £12,230,298 (2019: £ 11,441,314) and the Organization's ten largest contributors for 2020 are shown below:

IMO	Donor	Amount GBP	% of total donor revenue
1	Government of Norway	3,257,730	26.6
2	European Commission	2,522,180	20.6
3	Government of the Republic of Korea	2,162,552	17.7
4	United Nations Office on Drugs and Crime (UNODC)	1,563,202	12.8
5	United Nations Environment Programme (UNEP)	958,056	7.8
6	United Nations Development Programme (UNDP)	388,500	3.2
7	Government of Japan	330,018	2.7
8	Government of United States of America	256,751	2.1
9	Government of Germany	209,754	1.7
10	Government of China	204,391	1.7
TOTAL		11,853,134	96.9

152 Other than the contributions made by new donors or additional contributions made by existing donors during the year, the increase in donor contributions is mainly due to the timing of the recognition of revenue, which fluctuates from year to year.

153 The consolidated group's ten largest contributors to donor revenue in 2020 are shown below:

Consolidated	Donor	Amount GBP	% of total donor revenue
1	Government of Norway	3,257,730	17.4
2	European Commission	2,996,328	16.0
3	Government of Sweden	2,420,250	12.9
4	Republic of Korea	2,393,315	12.8
5	Nippon Foundation	1,944,949	10.4
6	United Nations Office on Drugs and Crime (UNODC)	1,563,202	8.4
7	International Transport Workers Federation	1,074,487	5.7
8	United Nations Environment Programme (UNEP)	958,056	5.1
9	United Nations Development Programme (UNDP)	388,500	2.1
10	Government of Japan	330,018	1.8
TOTAL		17,326,835	92.6

Note 3.3: Commercial Activities

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

	IMO		Consolidated	
	2020 GBP	2019 GBP	2020 GBP	2019 GBP
Publication Sales	9,278,890	13,198,085	9,278,890	13,198,085
Cafeteria Sales	155,301	1,264,755	155,301	1,264,755
Assessment fees	321,445	173,251	321,445	173,251
Letting of conference facilities and other commercial revenue	442,512	489,480	1,816,899	1,951,348
TOTAL	10,198,148	15,125,571	11,572,535	16,587,439

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

	2020	2019
	GBP	GBP
Sale of physical publications	5,999,887	10,708,806
Electronic publications	1,610,307	1,176,173
Royalties	1,380,304	910,776
Subscriptions	194,689	184,984
Model Courses	47,373	114,403
Other publications	46,330	102,943
TOTAL PUBLICATION SALES	9,278,890	13,198,085

156 In 2020 IMO publications gross sales, net sales and revenue from postage reached £12.2m, £9m and £262k respectively (compared with 2019: £18m, £12.8m and £321k). While this revenue indicates a reduction of 30%, it is stressed that the 2020 results have been realised within the context of challenging global trading conditions in consequence of the COVID-19 pandemic. Faced with disruptions in supply chain channels, national lockdowns in the UK and distributor countries, IMO has taken extraordinary mitigating steps to continue the sale of physical books by augmenting its dispatch potential of core publications in bulk through its external warehouse and directly from the printing manufacturer. Furthermore, IMO increased its efforts in marketing electronic publications. In 2020 revenues from electronic products accounted for 34% of sales (up from 17% in 2019). Major titles published in 2020 included Procedures for Port State Control, IBC Code and SOLAS. Other titles originally planned for 2020 were re-programmed to 2021 due to the postponement of IMO meetings. These publications included major revenue earners such as the IMDG Code and the IMDG Code Supplement. IMO expects its sales potential to revert to the 2019 levels once the global challenges of the COVID-19 pandemic are overcome.

Note 3.4: Fellowships

157 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 £5,828,086 for 2020 (2019: £5,777,277). The five largest aggregate contributors are listed below:

Sponsors	Amount GBP	% of total donor revenue
1 Nippon Foundation	1,725,550	29.6
2 Government of Norway	502,930	8.6
3 International Transport Workers' Federation	420,379	7.2
4 Government of Nigeria	353,535	6.1
5 Government of South Africa	237,318	4.1
TOTAL	3,239,712	55.6

Note 3.5: Other Revenue

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

	IMO		Consolidated	
	2020 GBP	2019 GBP	2020 GBP	2019 GBP
Interest earned on investment of funds	288,619	652,871	415,905	987,241
Other revenue	79,199	39,948	171,831	440,265
TOTAL	367,818	692,819	587,736	1,427,506

159 Despite the recent financial performance of the markets due to Covid-19, the principal of the Organization's investment portfolio remains safe, in line with its investment policy, as it holds high-quality assets aimed at preserving principal. Interest income on the investment of excess funds was reduced from £652,871 in 2019 to £288,619 in 2020 for IMO and from £987,241 in 2019 to £415,906 in 2020 for the consolidated. Adverse impacts in the financial markets were the main driver for the decrease in investment revenue. The steep decline was caused by the lower interest rates in 2020 due, in part, to the economic situation brought about by the pandemic (0.35% in 2020 vs. 0.79% in 2019 for GBP and 0.62% in 2020 vs. 2.35% in 2019 for USD).

160 As would be expected, credit rating agencies placed a number of banks on negative outlook watch and downgraded others due to the more difficult operating and economic conditions, low interest rate environment and likely deteriorating loan asset quality concerns. The Organization is actively monitoring all ratings for the investment holdings and investment counterparties.

NOTE 4: EXPENSES

	IMO		Consolidated	
	2020	2019	2020	2019
	GBP	GBP	GBP	GBP
4.1: Staff and other personnel costs				
Professional and general service staff, experts	29,582,215	28,332,161	37,696,081	35,653,814
Appointment and separation	3,042,911	3,426,662	3,046,049	3,622,103
Termination benefit	75,790	63,040	75,790	63,040
Consultants	1,675,888	1,695,604	2,169,580	2,432,006
Temporary assistance	1,707,198	1,887,135	1,709,069	1,901,483
Meetings personnel (interpreters, translators, temporary employees)	713,075	875,037	713,075	875,037
Total staff and other personnel costs	36,797,077	36,279,639	45,409,644	44,547,483
4.2: Travel expenses				
Fares	181,712	1,196,305	307,734	1,703,966
Daily Subsistence Allowance and other expenses	168,166	1,173,257	256,530	1,486,257
Total travel expenses	349,878	2,369,562	564,264	3,190,223
4.3: Supplies, consumables and other running costs				
Office supplies and consumables	100,090	102,042	121,728	151,938
Telecommunications and information technology	1,589,539	1,236,321	1,769,258	1,460,635
Rent, rates and insurance	1,429,132	1,423,848	1,457,063	1,470,581
Utilities	666,684	663,831	705,674	712,944
Medical costs	28,435	30,712	28,435	30,712
Library books, magazines, subscriptions	43,239	50,158	258,165	269,639
Hospitality	13,009	59,103	46,638	196,425
Vehicle, local transport and hotel accommodation	19,640	25,988	28,727	40,326
Postage, telephone and freight	287,944	481,047	348,060	558,989
Equipment, furniture and local procurement	1,139,475	247,169	1,169,497	315,942
Building maintenance	906,180	1,131,755	911,286	1,147,135
Other operational costs	-	-	169,327	291,091
Total supplies, consumables and other running costs	6,223,367	5,451,974	7,013,858	6,646,357
4.4: Costs related to trading activities				
Cost of Sales IMO Publications	554,661	960,608	554,661	960,608
Cost of Sales Model courses	6,519	15,672	6,519	15,672
Loss on Physical Inventory	1,682	(3,081)	1,682	(3,081)
Publications issued free of charge	5,434	9,008	5,434	9,008
Provision for return of obsolete publications	41,563	80,136	41,563	80,136
Printing (contract - out)	33,536	116,674	33,536	150,500
Electronic publishing (IMO/Vega)	180,020	150,500	180,020	689,872
Catering food and supplies	185,802	689,872	185,802	116,674
Public relations articles held by WMU	-	-	4,757	10,376
Total costs related to trading activities	1,009,217	2,019,389	1,013,974	2,029,765

	IMO		Consolidated	
	2020 GBP	2019 GBP	2020 GBP	2019 GBP
4.5: Outsourced services				
Security services	348,246	434,630	384,694	474,315
Cleaning services	366,440	438,710	517,845	595,872
Telecommunications/IT related services	-	-	65,987	42,629
Catering services	-	-	162,374	109,753
Leases	55,590	45,342	55,590	45,342
Sub-contract delivery of Technical Cooperation activities	845,239	1,701,444	845,239	1,701,444
Total outsourced services	1,615,515	2,620,126	2,031,729	2,969,355
4.6: Training and development				
Staff training	47,977	98,702	52,581	147,239
Fellowships	1,416,102	1,062,669	1,933,527	2,677,378
Group training including participant travel	434,200	3,535,637	339,530	3,481,686
Student costs (WMU and IMLI)	-	-	207,229	322,714
Total training and development	1,898,279	4,697,008	2,532,867	6,629,017
4.7: Depreciation, amortization and impairment				
Depreciation of property, plant and equipment	659,289	615,983	818,163	746,070
(Gain)/loss on disposal of property, plant and equipment	(27,287)	-	(23,200)	74
Amortization of intangible assets	106,601	328,825	154,002	350,086
Impairment of IMO publications	401,393	85,275	401,393	85,275
Total depreciation, amortization and impairment	1,139,996	1,030,083	1,350,358	1,181,505
4.8: Return of unspent funds	257,778	291,757	257,778	291,757
4.9: Other expenses				
Jointly financed UN bodies	120,182	102,640	120,182	102,640
Bank charges	172,681	228,812	191,766	251,734
External audit	50,160	60,000	86,082	95,288
Other miscellaneous expenses	144,834	475,527	257,280	618,690
Total other expenses	487,857	866,979	655,310	1,068,352
4.10: Currency exchange loss	949,274	1,030,070	2,865,485	680,864

161 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.

162 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.

163 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 (2019: £1,195,751).

164 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.

165 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 extra-budgetary activities are also reported under this expense category.

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

167 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

168 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.

169 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.

170 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.

171 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 extra-budgetary 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.

172 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.

173 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.

174 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 2020 is shown below. Budget amounts have been presented on a functional classification basis in accordance with the approved budget for 2020, which presents a breakdown of the budget for purposes of the above comparison. The amount of surplus of £3,475,301 for 2020 shown in Statement Va (IMO only) has been reconciled to the net increase in cash and cash equivalents of £7,375,499 presented in Statement IV (IMO 2020), 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 effect of exchange rate changes on cash and cash equivalents of £49,612.

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	3,475,301	-	-	3,475,301
Basis differences	(a)	(1,177,931)	(267,856)	(151,713)	(1,597,500)
Entity differences	(b)	5,483,714	(16,628)	-	5,467,086
Presentation differences	(c)	30,612	-	-	30,612
Total Differences	B=a+b+c	4,336,395	(284,484)	(151,713)	3,900,198
ACTUAL AMOUNTS IN THE STATEMENT OF CASH FLOWS		C=A+B	(284,484)	(151,713)	7,375,499

175 The reconciliation of the amount of surplus of £4,825,156 shown in Statement Vb (Consolidated 2020 including WMU and IMLI) has also been made to the net increase in cash and cash equivalents of £7,547,405 indicated in Statement IV (Consolidated 2020), 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 entity differences in the reconciliation table shown below with a total amount of £1,177,949 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	4,825,156	-	-	4,825,156
Basis differences	(a)	(1,177,931)	(267,856)	(151,713)	(1,597,500)
Entity differences	(b)	4,639,562	(350,425)	-	4,289,137
Presentation differences	(c)	30,612	-	-	30,612
Total Differences	B=a+b+c	3,492,243	(618,281)	(151,713)	2,722,249
ACTUAL AMOUNTS IN THE STATEMENT OF CASH FLOWS		C=A+B	(618,281)	(151,713)	7,547,405

176 As noted in paragraph 169, IMO's budget is prepared on a 'modified accruals' basis, while both WMU and IMLI budget on a full accruals basis.

NOTE 6: SEGMENT REPORTING**Note 6.1: Segmental Statements of Financial Position as at 31 December 2020****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	34,855,785	5,636,569	40,729,904	(65,692)	81,156,566
Contributions receivable	395,793	-	393,256	-	789,049
Inventories	-	474,945	-	-	474,945
Advances to sub-contractors	-	-	617,261	-	617,261
Inter-segment sums receivable	396,034	13,538	66,083	(475,655)	-
Other receivables – exchange transactions	2,006,005	172,796	184,840	-	2,363,641
Total Current Assets	37,653,617	6,297,848	41,991,344	(541,347)	85,401,462
Non-current assets					
Property, plant and equipment	1,162,976	35,604	40,481	-	1,239,061
Intangible assets	8,998	-	-	-	8,998
Total non-current assets	1,171,974	35,604	40,481	-	1,248,059
TOTAL ASSETS	38,825,591	6,333,452	42,031,825	(541,347)	86,649,521
LIABILITIES					
Current liabilities					
Payables and accruals – exchange transactions	1,099,852	365,813	1,157,026	(65,692)	2,556,999
Payables and accruals – non-exchange transactions	2,347,383	-	3,287,796	-	5,635,179
Provisions for warranties	-	53,813	-	-	53,813
Inter-segment sums payable	29,800	109,708	336,147	(475,655)	-
Employee benefits	219,549	6,411	8,548	-	234,508
Finance lease liabilities	101,825	-	-	-	101,825
Total current liabilities	3,798,409	535,745	4,789,517	(541,347)	8,582,324
Non-current liabilities					
Employee benefits	51,060,884	-	-	-	51,060,884
Total non-current liabilities	51,060,884	-	-	-	51,060,884
TOTAL LIABILITIES	54,859,293	535,745	4,789,517	(541,347)	59,643,208
NET ASSETS	(16,033,702)	5,797,707	37,242,308	-	27,006,313
FUND BALANCES AND RESERVES					
Fund balances and reserves	(17,115,104)	10,214,865	28,447,526	-	21,547,287
Surplus/(deficit) for the year	1,081,402	(4,417,158)	8,794,782	-	5,459,026
TOTAL FUND BALANCES AND RESERVES	(16,033,702)	5,797,707	37,242,308	-	27,006,313

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	34,855,785	5,636,569	40,729,904	18,421,571	(65,692)	99,578,137
Contributions receivable	395,793	-	393,256	9,696	-	798,745
Inventories	-	474,945	-	68,252	(23,538)	519,659
Advances to sub-contractors	-	-	617,261	-	-	617,261
Inter-segment sums receivable	396,034	13,538	66,083	-	(475,655)	-
Other receivables – exchange transactions	2,006,005	172,796	184,840	843,274	-	3,206,915
Other receivables – non-exchange transactions	-	-	-	480,476	-	480,476
Total Current Assets	37,653,617	6,297,848	41,991,344	19,823,269	(564,885)	105,201,193
Non-current assets						
Investment in bonds	-	-	-	2,175,153	-	2,175,153
Property, plant and equipment	1,162,976	35,604	40,481	233,820	-	1,472,881
Intangible assets	8,998	-	-	93,446	-	102,444
Total non-current assets	1,171,974	35,604	40,481	2,502,419	-	3,750,478
TOTAL ASSETS	38,825,591	6,333,452	42,031,825	22,325,688	(564,885)	108,951,671
LIABILITIES						
Current liabilities						
Payables and accruals – exchange transactions	1,099,852	365,813	1,157,026	328,316	(65,692)	2,885,315
Payables and accruals – non-exchange transactions	2,347,383	-	3,287,796	6,192,162	(986,691)	10,840,650
Provisions for warranties	-	53,813	-	-	-	53,813
Inter-segment sums payable	29,800	109,708	336,147	-	(475,655)	-
Employee benefits	219,549	6,411	8,548	45,566	-	280,074
Finance lease liabilities	101,825	-	-	-	-	101,825
Total current liabilities	3,798,409	535,745	4,789,517	6,566,044	(1,528,038)	14,161,677
Non-current liabilities						
Employee benefits	51,060,884	-	-	1,519,602	-	52,580,486
Total non-current liabilities	51,060,884	-	-	1,519,602	-	52,580,486
TOTAL LIABILITIES	54,859,293	535,745	4,789,517	8,085,646	(1,528,038)	66,742,163
NET ASSETS	(16,033,702)	5,797,707	37,242,308	14,240,042	963,153	42,209,508
FUND BALANCES AND RESERVES						
Fund balances and reserves	(17,115,104)	10,214,865	28,447,526	13,702,219	561,933	35,811,439
Surplus/(deficit) for the year	1,081,402	(4,417,158)	8,794,782	537,823	401,220	6,398,069
TOTAL FUND BALANCES AND RESERVES	(16,033,702)	5,797,707	37,242,308	14,240,042	963,153	42,209,508

Note 6.2: Segmental Statements of Financial Performance for the year ended 31 December 2020**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	33,391,000	-	-	-	33,391,000
Donor voluntary contributions	-	-	12,230,298	-	12,230,298
Commercial activities	442,512	9,384,370	371,266	-	10,198,148
Other revenue	165,296	38,784	163,738	-	367,818
Support costs earned	1,130,506	-	-	(1,130,506)	-
Inter-segment transfers	6,876,054	-	6,657,399	(13,533,453)	-
TOTAL REVENUE	42,005,368	9,423,154	19,422,701	(14,663,959)	56,187,264
Expenses					
Staff and other personnel costs	30,367,978	2,191,277	4,237,822	-	36,797,077
Travel expenses	78,408	12,290	259,180	-	349,878
Supplies, consumables and other running costs	4,023,098	1,086,756	1,113,513	-	6,223,367
Cost related to trading activities	-	1,009,217	-	-	1,009,217
Outsourced services	705,666	64,610	845,239	-	1,615,515
Training and development	47,977	-	1,850,302	-	1,898,279
Support costs charged	-	558,833	571,673	(1,130,506)	-
Depreciation, amortization and impairment	709,540	412,617	17,839	-	1,139,996
Return of unspent funds	-	-	257,778	-	257,778
Other expenses	260,324	112,624	114,909	-	487,857
Inter-segment transfers	4,753,911	8,373,000	406,542	(13,533,453)	-
TOTAL EXPENSES	40,946,902	13,821,224	9,674,797	(14,663,959)	49,778,964
OPERATING SURPLUS/(DEFICIT) FOR THE YEAR	1,058,466	(4,398,070)	9,747,904	-	6,408,300
Currency exchange gain/(loss)	22,936	(19,088)	(953,122)	-	(949,274)
SURPLUS/(DEFICIT) FOR THE YEAR	1,081,402	(4,417,158)	8,794,782	-	5,459,026

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	33,391,000	-	-	-	-	33,391,000
Donor voluntary contributions	-	-	12,230,298	6,483,681	-	18,713,979
Commercial activities	442,512	9,384,370	371,266	1,444,839	(70,452)	11,572,535
Fellowship	-	-	-	6,753,999	(925,913)	5,828,086
Other revenue	165,296	38,784	163,738	283,940	(64,022)	587,736
Support costs earned	1,130,506	-	-	-	(1,130,506)	-
Inter-segment transfers	6,876,054	-	6,657,399	-	(13,533,453)	-
TOTAL REVENUE	42,005,368	9,423,154	19,422,701	14,966,459	(15,724,346)	70,093,336
Expenses						
Staff and other personnel costs	30,367,978	2,191,277	4,237,822	8,619,421	(6,854)	45,409,644
Travel expenses	78,408	12,290	259,180	214,386	-	564,264
Supplies, consumables and other running costs	4,023,098	1,086,756	1,113,513	795,211	(4,720)	7,013,858
Cost related to trading activities	-	1,809,217	-	4,757	-	1,013,974
Outsourced services	705,666	64,610	845,239	436,214	-	2,031,729
Training and development	47,977	-	1,850,302	2,033,696	(1,399,108)	2,532,867
Support costs charged	-	558,833	571,673	-	(1,130,506)	-
Depreciation, amortization and impairment	709,540	412,617	17,839	210,362	-	1,350,358
Return of unspent funds	-	-	257,778	-	-	257,778
Other expenses	260,324	112,624	114,909	195,506	(28,053)	655,310
Inter-segment transfers	4,753,911	8,373,000	406,542	-	(13,533,453)	-
TOTAL EXPENSES	40,946,902	13,821,224	9,674,797	12,489,553	(16,102,694)	60,829,782
OPERATING SURPLUS/(DEFICIT) FOR THE YEAR	1,058,466	(4,398,070)	9,747,904	2,476,906	378,348	9,263,554
Currency exchange gain/(loss)	22,936	(19,088)	(953,122)	(1,939,083)	22,872	(2,865,485)
SURPLUS (DEFICIT) FOR THE YEAR	1,081,402	(4,417,158)	8,794,782	537,823	401,220	6,398,069

177 Some internal activities result in accounting transactions which 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 £8,373,000 of which £6,363,480 was to the Technical Cooperation Fund and £2,009,520 was to the Core Programme. In addition, there are support costs totalling £571,673 charged on extra-budgetary activities and £558,833 charged to the Trading Activities to reimburse costs incurred by the Core Programme.

178 IMO provides funding support to WMU & IMLI to finance their fellowship program, which is recognised as revenue by WMU and IMLI and expenditure for IMO. In the consolidated notes, revenue totalling £687,412 (2019: £753,457) and expenditure totalling £1,056,550 (2019: £441,878) between IMO and WMU, and revenue totalling £372,975 (2019: £356,987) and expenditure totalling £401,147 (2019: £272,392) between IMO and IMLI, have been included in the segment reporting figures and eliminated in arriving at the consolidated position. The elimination has resulted in a net effect of increasing the surplus by £401,220 (2019: decrease of £376,175). Further information on the nature of these transactions is provided in Note 9.2.

179 A brief summary of the goods and services provided under each segment, and their objectives, is set out in Note 1, paragraphs 43 to 48.

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

180 As at 31 December 2020, IMO had commitments for goods and services including consultancy contracted but not delivered as follows:

	2020 GBP	2019 GBP
Purchase of services including consultancy	2,639,417	2,307,827

181 The actual discharge of the 2019 commitments in 2020 is £1,664,839, the breakdown of which is shown below:

	2019 Commitments GBP	2020 discharge GBP
Regular budget strategic results	156,451	126,597
Trading activities	69,794	69,139
Headquarters capital	269,188	265,225
Training and development	1,996	-
Termination benefit	-	-
Technical cooperation (TC Fund)	444,271	361,020
Sub-total	941,700	821,981
Technical cooperation (Donor Funds)	1,366,127	842,858
TOTAL	2,307,827	1,664,839

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

Note 7.2: Legal or Contingent Liabilities

183 As at 31 December 2020, there are no contingent liabilities arising from legal actions and claims that are likely to result in a significant liability to IMO and to the consolidated group.

184 The Organization, in conjunction with UNDP, conducted a review of all historical balances under the UNDP Service Clearing Account (SCA), and its predecessor the Interoffice 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 extra-budgetary 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 \$689,936, as at 31 December 2019, between IMO and UNDP. There had been discussions between IMO and UNDP on the resolution of this difference and currently still on-going with the relevant supporting documents are being located by both parties.

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

185 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 2020, one ex-gratia payment amounting to £30,000 was made to one staff member upon separation.

186 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 2020, irrecoverable receivables resulted in write-offs to the amount of £3,589 for IMO and for the consolidated group £16,167.

187 During 2020, no case of reported fraud or presumptive fraud was reported.

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 2020	Outstanding Loans and Advances against entitlements 31.12.2020
	GBP	GBP	GBP	GBP	GBP
IMO					
9	1,370,496	139,136	334,220	1,843,852	7,776
Consolidated					
11	1,916,061	139,136	457,583	2,512,780	7,776

188 Key management personnel of IMO are the Secretary-General and the eight Divisional Directors and Departmental Chief. 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. During the period from 1 January to 4 November 2020, a Senior Deputy Director was covering the vacant post of one of the Divisional Director, as such the total staff cost for the period was included in the total remuneration for 2020.

189 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; and 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 widely available to all Organization staff. No close family member of the key management personnel was employed by the Organization during the year.

190 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

191 The Organization's only related parties within the meaning of IPSAS 20 – "Related Party Disclosures" are the UN International Computing Centre (ICC), WMU and IMLI. The consolidated group, including those bodies, has no related parties.

192 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 2020, 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.

193 During 2020, IMO provided £936,415 (2019: £441,878) and £366,010 (2019: £278,274) in fellowship and other funding to WMU and IMLI, respectively, under its Technical Cooperation Programme. These amounts are reflected in expenditure in the IMO figures and have been eliminated on consolidation. Fellowship revenue from IMO to WMU totalling £590,318 (2019: £630,771) and to IMLI of £335,595 (2019: £353,112) have also been eliminated.

NOTE 10: OTHER CHANGES IN NET ASSETS

194 An exchange rate differences arose due to the effect of converting the opening net assets of WMU and IMLI, whose functional currencies are Swedish Krona and Euro respectively, at the 2020 closing rate which differs from the 2019 closing rate, and such changes are presented as a separate component of net assets/equity in accordance with IPSAS 4.

	WMU	IMLI	TOTAL
	GBP	GBP	GBP
Closing balance at 31.12.2020 exchange rate	10,156,844	3,036,862	13,193,706
Opening balance at 01.01.2020 exchange rate	11,185,422	3,244,092	14,429,514
	1,028,578	207,230	1,235,808

NOTE 11: EVENTS AFTER REPORTING DATE

195 IMO's reporting date is 31 December 2020. On the date of the signing of these accounts, 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
(unaudited)

	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	Cheapside House 138 Cheapside London, EC2V 6BW 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	Chairman, The Audit Board of the Republic of Indonesia	The Audit Board of the Republic of Indonesia Jalan Gatot Subroto No. 31, Jakarta – Indonesia