



# INTERNATIONAL MARITIME ORGANIZATION

**FINANCIAL REPORT AND  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**REPORT OF THE EXTERNAL AUDITORS**



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**INTERNATIONAL MARITIME ORGANIZATION**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

# 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 2019.

2 The Report of the External Auditor on the audit of the 2019 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 322 staff members, including project staff and Junior Professional Officers. IMO's principal place of business, as well as the names and addresses of its General Counsel, actuary, principal bankers 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 2019

7 2019 saw IMO actively pursuing its targets and objectives in a wide range of subject areas. Some of the highlights of the year for the Organization are summarized below.

### Maritime safety

8 In 2019, the Maritime Safety Committee (MSC) continued its work on a regulatory scoping exercise to determine how the safe, secure and environmentally sound operation of Maritime Autonomous Surface Ships (MASS) may be introduced in IMO instruments. The initial review of relevant provisions in IMO instruments was finalized and guidelines on MASS trials were approved.

9 Concerning its ongoing work related to the *Goal-based ship construction standards for bulk and oil tankers (GBS)*, the Committee noted information on the current status of GBS verification audits related to the rectification of non-conformities audits; the re-verification audit of DNV-GL; annual maintenance of verification audits; and status reports regarding GBS audit observations, for further consideration at MSC 102 in 2020. The Committee also approved a revision of the *Generic guidelines for developing IMO goal-based standards* (MSC.1/Circ.1394/Rev.2).

10 With regard to the *International Code for ships operating in polar waters* (Polar Code), MSC further considered what additional requirements for equipment were needed and how the safety measures of the Code may be applied in the future to ships not falling under the provisions of the SOLAS Convention operating in polar waters. In particular, the Committee approved *Guidance for navigation and communication equipment intended for use on ships operating in polar waters* (MSC.1/Circ.1612) and *Interim guidelines on life-saving appliances and arrangements for ships operating in polar waters* (MSC.1/Circ.1614). Further work on the matter is being carried out by the Sub-Committee on Navigation, Communications and Search and Rescue (NCSR) and the Sub-Committee on Ship Design and Construction (SDC).

11 Following discussion on ship safety issues relating to the implementation of the 0.50% limit of the sulphur content of fuel oil and on enhancing the safety of ships relating to the use of fuel oil, the MSC adopted resolution MSC.465(101) on *Recommended interim measures to enhance the safety of ships relating to the use of oil fuel* and endorsed an action plan to further consider measures relating to the flashpoint of oil fuel, with a view to finalizing such measures by 2021.

12 Taking into consideration the ongoing occurrence of passenger ferry incidents with often high numbers of casualties, the MSC agreed to include a new item on measures to improve domestic ferry safety on its agenda for the next session, with an estimated four sessions needed to complete the work.

### Facilitation and security

13 IMO has focussed on assisting States to implement a multi-agency and multi-disciplinary approach to maritime security and facilitation, with a particular focus on national Organization and inter-agency cooperation, including the establishment of national maritime security and facilitation committees. Further, IMO's Global Enhancement of Maritime Security programme supported countries in enhancing security measures to protect ships and ports from threats posed by terrorism; piracy and armed robbery; smuggling of arms, drugs, and illicit goods; and other illicit activities. The programme continued to deliver assistance in response to requests of SOLAS Contracting Governments, and a new partnership with the United Nations on Drugs and Crime (UNODC) on strengthened implementation of international instruments related to countering maritime terrorism was initiated. MSC reminded companies, masters and seafarers to continue the diligent application of existing IMO guidance and the revised Best Management Practices (BMP) guidance as well as the new Global Counter Piracy Guidance and the updated guidance for protection against piracy and armed robbery in the Gulf of Guinea region contained in MSC.1/Circ.1601 on *Revised industry counter piracy guidance*.

14 Additional capacity-building activities in ports have promoted better implementation of the FAL Convention, including the reduction of stowaway incidents. The FAL Committee approved the revised and updated IMO Compendium on Facilitation and Electronic Business, to support harmonization and standardization of electronic messages, including a new standard IMO reference data set, which will be used as the basis for automated and digital systems for the exchange of information when ships arrive at and depart from ports. The Committee also noted information on the successful single window project implemented by Norway in Antigua and Barbuda with the assistance of the IMO Secretariat and encouraged interested Member States to contact the Secretariat if they wished to obtain further details of the project. The Committee also decided to develop guidance to address maritime corruption, with the aim of addressing the problem and reducing the impact on global trade, improving port governance and reducing adverse consequences on seafarers.

## Environmental protection

15 In 2019, 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 amendments to strengthen existing mandatory requirements for new ships to be more energy efficient; initiated the Fourth IMO GHG Study; adopted a resolution encouraging cooperation with ports to reduce emission from shipping; approved a procedure for the impact assessment of new measures proposed; and established a multi-donor trust fund for GHG.

16 MEPC adopted a package of instruments to support the implementation of the 0.5 % sulphur 2020 limit, which will have far-reaching beneficial effects on the environment and human health. Furthermore, a MARPOL amendment was adopted to prohibit the carriage of non-compliant fuel oil unless the ship has an approved exhaust gas cleaning system fitted.

17 MEPC made significant progress in following up on the *Action Plan to address marine plastic litter from ships* and in particular, approved the terms of reference for the IMO Study on marine plastic litter from ships; developed a regulatory framework matrix to identify all international regulatory instruments and best practices associated with the issue of marine plastic litter from ships; and approved the scope of work for relevant sub-committees to progress the work.

18 MEPC noted the solid progress made in the implementation of the experience-building phase associated with the BWM Convention.

19 The MEPC noted that over 60 technical cooperation activities related to the protection of the marine environment under IMO's Integrated Technical Cooperation Programme (ITCP) had been implemented by the Marine Environment Division, covering all geographic regions to and IMO's environmental conventions and protocols. MEPC also noted that Secretariat has continued to coordinate and manage a number of Major Projects related to emerging environmental issues that have taken a thematic and result based intervention approach, to assist the IMO Member States to improve implementation of IMO environment-related conventions and protocols.

20 The governing bodies of London Convention/Protocol continued its work, addressing the presence of plastics and microplastics in wastes dumped at sea (such as dredged material and sewage sludge), and progressed the development of recommendations on disposal of fibreglass vessels. A resolution was adopted to allow provisional application of an amendment to article 6 of the Protocol, which will remove a barrier for countries who wish to make use of carbon capture and storage - but which do not have ready access to offshore storage sites within their national boundaries.

## Legal matters

21 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. In addition, 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.

22 Workshops on the benefits of ratification of the 2010 Hazardous and Noxious Substances (HNS) Convention were delivered in several locations over the previous biennium, including in South Asia, South America, the Middle East and the Pacific. The workshop provides a comprehensive overview of the Convention, with an in-depth analysis of the history of its development, principles, and need. It is delivered in collaboration with the IOPC Funds Secretariat, the International Group of P&I Clubs and Member States. Of particular note is instruction on the requirements needed for Member States to ratify the 2010 HNS Protocol, the remaining piece of the comprehensive liability and compensation regime.

23 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 will require process changes to the appeals system. The Legal Affairs Office will work with the Administration Division in 2020 to incorporate these changes into the Staff Rules and Staff Regulations.

24 The Legal Affairs office also provided numerous legal advices to the Secretariat, the Member States, the Assembly, Council, the Committees and Subcommittees. The depositary processed more than 100 depositary actions by Member States in 2019, representing a typical workload depositary staff.

## Outreach

25 IMO's public facing visibility showed marked gains. The twin stories of the adoption of the initial strategy for the reduction of greenhouse gas emissions from ships, and the coming 1 January 2020 requirement for ships to burn low sulphur fuel or install an exhaust gas scrubber garnered worldwide attention, and the media coverage of both events, the sulphur regulation in particular, were far and away the top IMO stories for 2019, garnering global media attention for IMO rarely seen in the past. IMO exposure in the global, mainstream media on other issues has become much more frequent. 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 2019 under the theme "I am on board – for gender equality" 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 2019. The Council endorsed sweeping changes to the IMO Goodwill Maritime Ambassador (IMOGMA) Scheme, including term limits for IMO-GMA's and revised terms of reference to ensure the continued success of the programme. The additional outreach benefits provided by the IMO-GMA's is significant; more than 350 public appearances by IMO-GMA's in 2019.

26 The annual World Maritime Day celebration and its associated parallel event, hosted by a volunteering Member State, continues to provide an excellent outreach opportunity to emphasize the theme chosen by the Council each year. In 2019, the parallel event was held in Colombia and



highlighted the theme of “Empowering Women in the Maritime Community.” The theme proved to be very well received and additional, associated events were held at both IMO Headquarters and in 32 Member States.

27 The Maritime Knowledge Centre expanded its collection on 2019 and largely completed a project to have all Assembly, Council and Committee resolutions in a searchable database. Further, the online catalogue went live in 2019. These two developments greatly improved the accessibility of information in the Maritime Knowledge Centre for delegates, academics and the general public.

## Technical Cooperation

28 The Organization continues to provide technical assistance to its Member States, particularly developing countries, to enhance the implementation of IMO instruments. 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.

29 In 2019, IMO’s technical cooperation work operated within a framework of regional and global programmes. These programmes included trainings at the national, regional and global levels, provision of fellowships, needs assessments, activities promoting the role of women in the maritime sector, and assistance with the development of national maritime transport policies and drafting of maritime legislation, among others. Alongside these programmes, a number of multi-year and large-scale thematic projects, primarily in the areas of marine environment protection and maritime security are also implemented. Full details of the activities delivered in 2019, as well as the fellowships provided and the number of persons trained during the year, are detailed in the Integrated Technical Cooperation Programme Annual Report for 2019, presented to TCC, which is available in document TC 70/3.

30 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.

## STRATEGIC PLAN FOR 2018 – 2023

31 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.

32 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.

33 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

34 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 and its Risk Review, Management and Reporting Working Group (CWGRM).

35 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

36 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 seven Divisional/Departmental Directors. 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

37 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

38 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.

39 The assertion above is supported by: i) the budget approved by the Assembly for the 2018-2019 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 2019 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

### Financial analysis

40 Liquidity and solvency ratios for 2019 and 2018 as summarized below indicate an improvement in the Organisation's situation.

**Table I**

Description of ratio	31 December 2019	31 December 2018
Current ratio <sup>1</sup>		
Current assets: current liabilities	7.86	6.75
Total assets: total liabilities <sup>2</sup>		
Assets: liabilities	1.37	1.34
Cash ratio <sup>3</sup>		
Cash plus short-term investments: current liabilities	7.36	6.38
Quick ratio <sup>4</sup>		
Cash plus short-term investments plus accounts receivable: current liabilities	7.44	6.42

41 The closing net asset position presented in Statement I and in Chart 1 below amounted to £21,547,287 (2018: £18,989,088), which shows a healthy financial situation for the Organization as a whole, with an increase of £2,558,199 (2018: £9,516,384) from the opening balance on 1 January 2019. The net operating surplus of £3,845,117 offset by the actuarial loss of £1,286,918 accounted for the increase of £2,558,199.

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

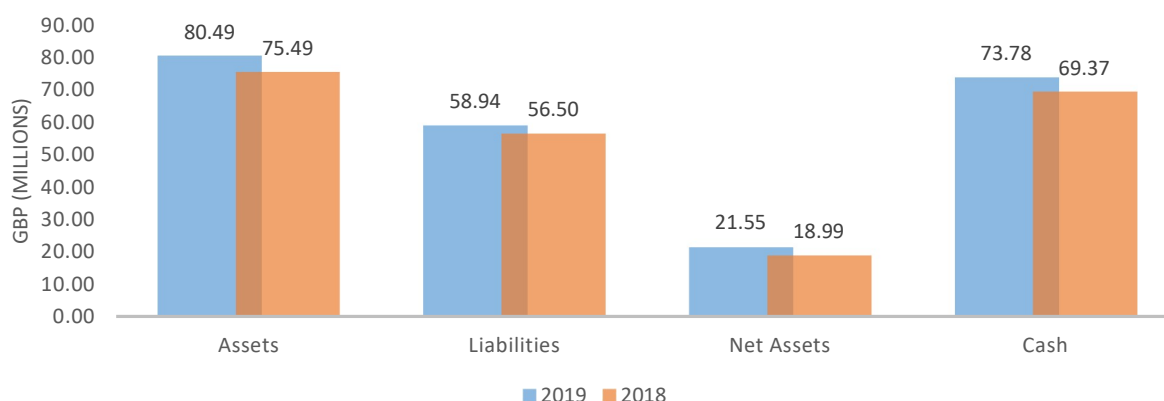
<sup>2</sup> A high ratio is a good indicator of solvency.

<sup>3</sup> 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.

<sup>4</sup> 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.

42 The increase in cash and cash equivalents during 2019 is mainly due to the increase in revenue in 2019.

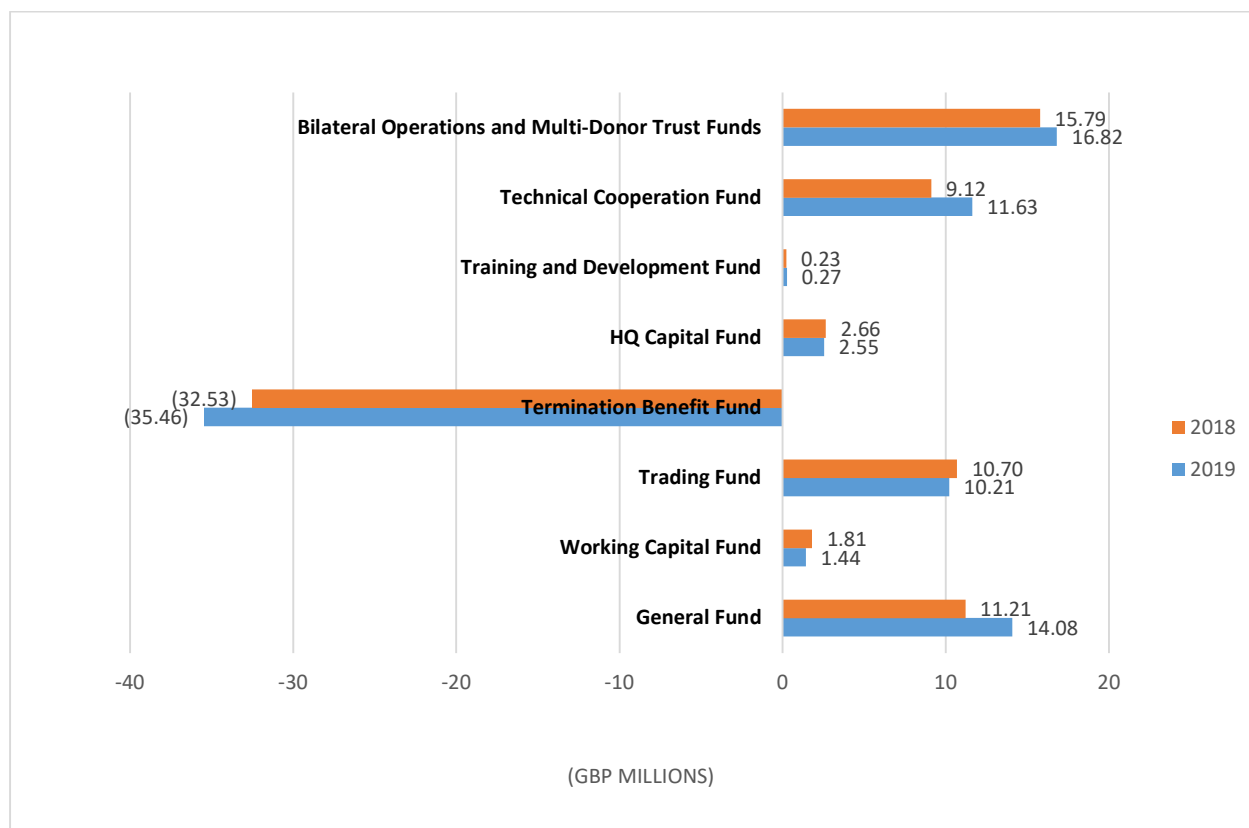
**Chart I: Net asset and cash position as at 31 December 2019**



43 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 £21,547,287 (2018: £18,989,088) closing balance, £16,818,817 (2018: £15,791,417) 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.

44 It can also be seen from the chart below that the Working Capital Fund, the Headquarters Capital Fund, the Training and Development 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 £41,740,761 (2018: £40,172,966). While the Assembly set aside funds of £6,000,000 to meet these liabilities by means of resolution A.1100(29), effective 1 January 2016 and £1,400,000 in 2017 as per resolution A.1112(30), the majority of these liabilities are presently unfunded and are reflected in the Termination Benefit Fund deficit as at 31 December 2019 of £35,460,868 (2018: £32,530,195). Further funding proposals will be considered by the Council during 2020.

## Fund balances and reserves as at 31 December 2019



45 Inventories, reflecting our stock of publications held for re-sale has increased by 0.3% to £1,061,365 when compared with prior year's balance of £1,057,844. The fourth quarter of 2019 had three new editions of the bestsellers published (Ships' Routing, IMSBC Code & Supplement and GMDSS Manual) that contributed to the increased levels of closing inventory balances.

46 There has been an increase in other receivables as at 31 December 2019, to £2,312,288 (2018: £1,816,907). The increase of £495,381 is largely due to increased advances to staff against education grant entitlements of £248,294 and increased cafeteria receivables of £134,275.

47 The total value of property, plant and equipment and intangible assets held by the Organization as at 31 December 2019 decreased to £1,589,978 (2018: £1,650,953) and to £112,201 (2018: £433,026) respectively. The decrease during the year is the net effect of depreciation and amortization totalling £ 944,808 offset by acquisitions totalling £563,008 of which 91% (£511,389) was for Communication and IT equipment and Software.

48 We continue to seek to carefully balance our obligations to suppliers with the need to effectively manage the Organization's cash flow, and there has been little change in the overall balance of payables and accruals relating to exchange transactions. The most significant portion of the 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 65% (2018: 77%) of non-exchange payables and accruals of £6,346,550 (2018: £7,364,238).

49 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.

50 The actuarial valuation resulted in an increase in liabilities to £48,819,639 (2018: £45,378,638). The increase was mainly attributable to a fall in UK corporate bond yields which led to a lower discount rate being used which increased the value of the liabilities. Future liability figures are likely to be volatile as they are linked to changes in yields on corporate bonds. The assumptions adopted for increases in healthcare costs will also have a significant impact on the results.

51 The financial performance for 2019 reported a surplus of £3,845,117 (revenue minus expenses, including currency exchange loss) compared to a surplus of £7,424,904 in 2018. The decrease, despite higher total revenues of £60,501,704 (2018: £57,859,425) is largely due to an increase in overall expenses and currency exchange fluctuations of £54,596,447 (2018: £52,691,077).

52 The total revenue for 2019 was £60,501,704, an increase of £2,642,279 from 2018 where it was £57,859,425. Assessed contribution of £33,242,000 accounted for 54.9% (2018: 55.1%) of the total revenue followed by commercial activities at 25% (2018: 27.7%), voluntary contributions from donors at 18.9% (2018: 16.5%) and other revenue at 1.1% (2018: 0.8%).

53 This year being an assembly year, cafeteria sales were £1,264,755, a 37.1% increase over 2018 sales of £922,428. A similar surge was noted in 2017, similarly an assembly year, where the cafeteria sales increased to £1,062,293 from £699,724 in 2016, a 51.8% increase.

54 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.

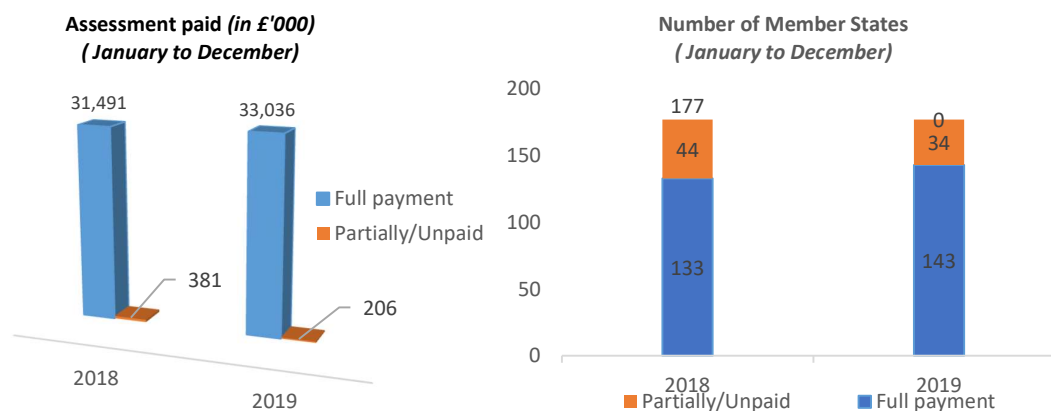
55 The IPSAS board has introduced a series of exposure drafts that are expected to address issues of revenue and expense recognition in the public sector. It is expected these set of high-quality standards will permit enhanced financial reporting and measurement of results.

56 Total operating expenses for 2019 amounted to £55,626,517 compared with £51,562,799 in 2018, an increase of £4,063,718 (7.9%). Staff and other personnel costs remain the most significant portion of the Organization's operating expenditure at 65.2 % (2018: 67.3 %), followed by Supplies, consumables and other running costs at 9.8% (2018: 11.1 %) and training and development at 8.4 % (2018: 7.9%).

57 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 £33,242,000) for the year is recognized in full as revenue in Statement II, whereas actual amounts received, including those related to assessments for prior years (£33,381,166) are shown as Actual in Statement V(a). Likewise, while expense in Statement II includes £ 944,808 (2018: £950,553) 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.

58 Overall, the assessment collection rate is in line with expectations for an Assembly year with £33 million (99.38%) of the assessed income for 2019 received compared to £31.5 million (98.80%) of the assessed income for 2018 received in 2018.

**Chart III: Status of assessment collections**



**Table II**

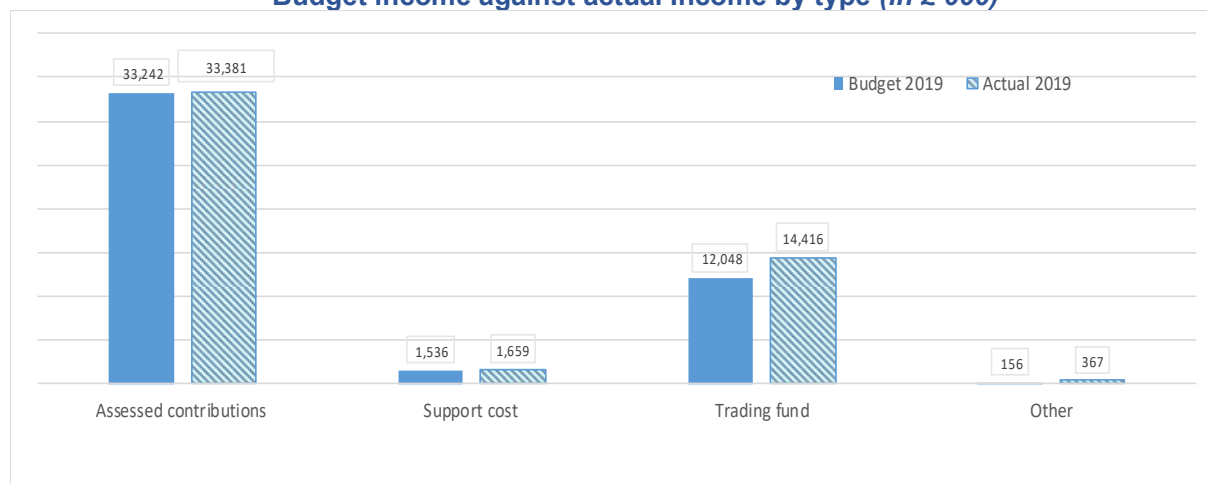
Assessment Year			Amount £'000		
All Member States	2018	2019	All Member States	2018	2019
Full payment	133	143	Full payment	31,491	33,036
Partially/Unpaid	44	34	Partially/Unpaid	381	206
<b>Total</b>	<b>177</b>	<b>177</b>	<b>Total</b>	<b>31,872</b>	<b>33,242</b>

## Budget performance

59 The 30th session of the Assembly held in December 2017 adopted resolution A.1112(30) on the Results-Based budget for the 2018-2019 biennium, in which it approved the budget for the financial periods 2018 and 2019 for the IMO's core funds. This included an appropriation for 2019 of £49,149,000 to be funded in part through projected income of £47,892,000.

60 The Organization's major sources of budgeted income are shown in the chart below, which shows actual performance in 2019 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 figure

**Budget income against actual Income by type (in £'000)**



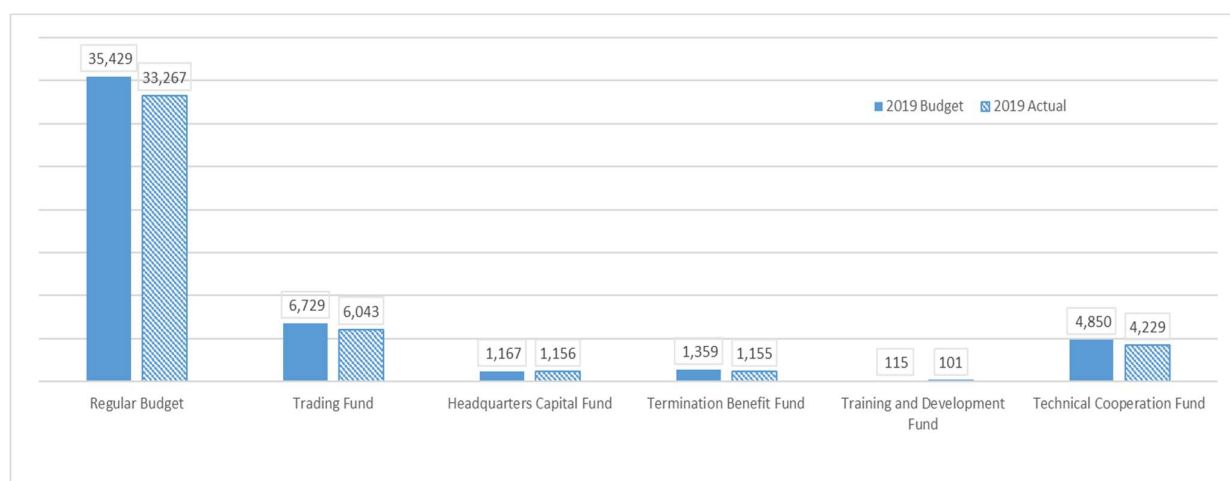
61 The Assessment contributions of £33,381,166 represents amounts received of £33,035,545 in relation to the 2019 assessment and £345,621 towards the settlement of arrears from prior years. For 2019 the total budgeted assessment was £33,242,000. Therefore, the amount received in 2019 of £33,035,545 represents a 99.38% collection rate with £206,455 remaining due at the end of the year. Overall the assessment income represents just under two thirds of the Organization's budgeted income.

62 The Trading Fund income of £14,416,016 is the next largest income stream representing around 30% of the Organization's income. The sales performance exceeded the budget by £2.37m, as a result in particular of higher level of sales relating to new releases of major titles including the IMSAR Vol I, II and III, the IMSBC Code, and GMDSS Manual and due to a significant increase in revenue generated by hosting functions and other events.

63 The support costs and other income of the Organization were higher than the budget, mainly due to the increase in delivery of implementation activities and an increase in space sharing arrangements with other Organizations.

64 The actual expenditure for each Fund against the final 2018 budget is shown in the chart below:

**Budget expenditure against actual expenditure by Fund (in £'000)**



65 The overall expenditure for 2019, as shown in Statement Va was £45,951,258. The key highlights are set out in the following paragraphs.

66 For the regular budget, the variance primarily related to staff costs. In submitting the Organization's budget proposals first to the Council and then to the Assembly the Secretary-General noted that there were significant uncertainties around the budgeting for staff costs for the 2018 and 2019 biennium, given the level of vacancies at the time those projections were made. The staff cost variances arose primarily as a result of differences between budgetary assumptions made on recruitment rates, in particular the level of internal recruitments made, and in the level of separations. In the latter case, the increase in mandatory retirement age from 62 to 65 which came into effect on 1 January 2018 had been expected to significantly reduce the level of departures during the biennium – however, in practice the level of departures was largely unchanged from previous years, with a number of senior staff leaving before their mandatory age of separation. The impact of this trend on both the staff cost expenditure levels and, consequently, the Termination Benefit Fund expenditures, was reported to the Council during 2018 and 2019, with the Council approving the necessary budget adjustments.

67 The remaining variance in the regular budget was spread across a variety of cost categories, including other personnel with lower levels of use of supernumerary staff, official mission travel, where



the main driver was a lower utilization of the mission travel budget for the IMO Member State Audit Scheme (IMSAS) as the scheme ramps up to full operation and efficiencies are made; and efficiencies delivered on a range of General Operating Expenditure items.

68 The Trading Fund variance of £0.7m (11%) during 2019 is partly due to Staff Costs and Other Personnel where actual vacancy rates varied from budgetary assumptions. The remaining variance was attributable to the operating expenditure, primarily as promotional activities were lower than anticipated.

69 The Headquarters Capital Fund actual expenditure for 2019 was £1.16m, representing 78% of the final budget for the year, with a further £162,000 (11%) of contractual commitments in place for a major ICT hardware refresh.

70 The Training and Development Fund expenditure in 2019 totalled £101,134 representing budget utilization of 87%, with a further £1,996 (2%) of commitments in place for delivery during 2020. In addition to the regular language programme, the majority of the remaining expenditure related to the various training programmes for leadership and management, personal development and ICT proficiency.

71 The final budget for technical cooperation (TC) activities financed from the Technical Cooperation Fund comprised the originally approved appropriation for 2019 of £4,850,000 and the budget brought forward from 2018 of £202,301 to finance some postponed activities. The TC expenditure for 2019 amounted to £4,027,107, with commitments of £444,271 for postponed activities due to be delivered in the early part of 2020. In aggregate, taking account of the postponed activities, this represents a 92% delivery rate. The remaining variance of 8% is in part due to effective resource mobilization making funds available from other sources, in addition to some delays as a result of unforeseen events with the host countries or partners, thereby delaying implementation of the planned activities.

## LETTER OF TRANSMITTAL

28 February 2020

**Mr. Daniel Domelevo**  
**Auditor General of Ghana**  
**Ghana Audit Service**  
**Ministry Block 0**  
**P.O. Box M.96**  
**Accra, Ghana**

### **FINANCIAL REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

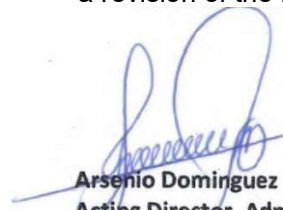
Pursuant to the financial regulation 11.2, we have the honour to submit the financial statements for the year ended 31 December 2019 of the International Maritime Organization, certified and approved in accordance with financial regulation 11.1, along with the Statement on Internal Control for the financial period 2019, 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 2019.

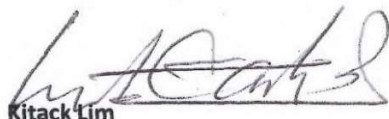
We are responsible for preparing financial statements that properly present the activities of the Organization, and for making accurate representations to you. All of the accounting records and related information have been made available for the purposed of your audit, and all of the transactions that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

- 1 The financial statements have been prepared and presented in accordance with:
  - a. The International Public Sector Accounting Standards;
  - b. The Financial Regulations and Financial Rules of the Organization; and
  - c. The accounting policies of the Organization, as summarized in note 1 to the financial statements.
- 2 The accounting policies used by the Organization, as stated in the financial statements are consistent with those of the previous year.
- 3 Within the meaning of IPSAS 35, IMO also controls WMU and IMLI for financial reporting purposes, the financial records of which are presented in the consolidated financial statements.
- 4 The value of cash, cash equivalents and investments recorded is not impaired and, in our opinion, is fairly stated.
- 5 All material accounts receivable 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 receivable at 31 December 2019 to be collected.
- 6 The property, plant and equipment, the intangible assets and the inventories 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 2019, 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 2019 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 2019 that necessitate a revision of the information presented in the financial statements thereto.



**Arsenio Dominguez**  
Acting Director, Administrative Division



**Kitack Lim**  
Secretary-General

28 February 2020

## STATEMENT ON INTERNAL CONTROL FOR THE YEAR ENDED 31 DECEMBER 2018

### 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 2019, and is up to the date of the approval of the Organization's 2019 financial statements.

### Risk management and internal control

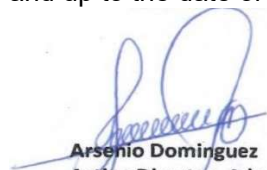
5. The Organization operates a Risk Management Framework, developed and approved by the Council, and is required to have an annual risk assessment exercise to identify and analyse risks to the delivery of those aspects of the Strategic Plan and High-level Action Plan which are the responsibility of the 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 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 2018 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 Auditor General of Ghana, 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 2019, 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 2019, and up to the date of the approval of the financial statements for that year.



Arsenio Dominguez  
Acting Director, Administrative Division



Kitack Lim  
Secretary-General

28 February 2020



# REPORT OF THE EXTERNAL AUDITOR: OPINION ON THE ORGANIZATION'S FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## INDEPENDENT AUDITORS REPORT

The Chairman  
124th Session of Council  
International Maritime Organisation

### *Report on the Financial Statements*

We have audited the financial statements of the International Maritime Organisation (IMO) for the financial year ended 31 December 2019. The financial statements are made up of: a statement of financial position as at 31 December 2019; a statement of financial performance; a statement of changes in net assets; a statement of cash flow; a statement of comparison of budget and actual amounts for the year ended 31 December 2019; and notes to the financial statements.

### *Management responsibility for the financial statements*

Management of IMO is responsible for the preparation and presentation of the financial statements in accordance with the International Public Sector Accounting Standards (IPSAS). This responsibility includes the design, implementation and maintenance of internal control procedures to enable the preparation of the financial statements which are free of material misstatements, whether due to fraud or errors. This responsibility also includes the selection and application of appropriate accounting policies and the use of accounting estimates that are reasonable in the circumstances.

### *Auditor's responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. These standards require us to comply with ethical requirements; and to plan and perform our audit in order to obtain a reasonable assurance that the financial statements are free from material misstatements.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's professional judgement, including assessment of the risks of material misstatements of the financial statements, whether due to fraud or errors. In making those risk assessments, the auditor considers the internal control procedures in place for the preparation and fair presentation of the financial statements, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used, the reasonableness of accounting

estimates made by management, and the overall presentation of the financial statements.

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

### *Opinion*

In our opinion, these financial statements present fairly, in all material respects, the financial position of the International Maritime Organisation as at 31 December 2019, and its financial performance and cash flow for the period then ended in accordance with IPSAS.

### *Report on Other Legal and Regulatory Requirements*

Further, in our opinion, the transactions of the Internal Maritime Organisation 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 IMO Financial Regulations and Financial Rules.

In accordance with Article XII of the Financial Regulations and Appendix I attached to the Regulations, we have also issued a long-form Report on our audit of the International Maritime Organisation.



**Johnson Akuamoah Asiedu**  
Ag. Auditor General  
External Auditor

Accra, Ghana  
28 August, 2020



# **INTERNATIONAL MARITIME ORGANIZATION**

## **FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

**INTERNATIONAL MARITIME ORGANIZATION**  
**STATEMENT I**  
**STATEMENT OF FINANCIAL POSITION**  
**as at 31 December 2019**  
**(GBP)**

	Note	IMO 2019	IMO 2018	Consolidated 2019	Consolidated 2018
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	2.1	73,781,067	69,370,863	92,030,732	87,524,931
Contributions receivable	2.2	744,165	433,226	757,283	444,541
Inventories	2.3	1,061,365	1,057,844	1,089,927	1,089,887
Advances to sub-contractors	2.4	890,503	728,021	890,503	728,021
Other receivables – exchange transactions	2.5	2,312,288	1,816,907	3,263,590	2,769,971
Other receivables – non-exchange transactions	2.5	-	-	13,467	19,117
<b>Total current assets</b>		<b>78,789,388</b>	<b>73,406,861</b>	<b>98,045,502</b>	<b>92,576,468</b>
<b>Non-current assets</b>					
Investment in bonds	2.6	-	-	2,136,706	2,177,057
Property, plant and equipment	2.7	1,589,978	1,650,953	1,808,921	1,897,987
Intangible assets	2.8	112,201	433,026	216,317	433,026
<b>Total non-current assets</b>		<b>1,702,179</b>	<b>2,083,979</b>	<b>4,161,944</b>	<b>4,508,070</b>
<b>TOTAL ASSETS</b>		<b>80,491,567</b>	<b>75,490,840</b>	<b>102,207,446</b>	<b>97,084,538</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Payables and accruals – exchange transactions	2.9	3,144,423	3,076,638	3,573,103	3,756,674
Payables and accruals – non-exchange transactions	2.9	6,346,550	7,364,238	12,672,758	14,495,081
Provisions for warranties – exchange transactions	2.10	82,852	88,315	82,852	88,315
Employee benefits	2.11	297,278	194,564	325,508	218,230
Finance lease liabilities	2.12	151,713	145,820	151,713	145,820
<b>Total current liabilities</b>		<b>10,022,816</b>	<b>10,869,575</b>	<b>16,805,934</b>	<b>18,704,120</b>
<b>Non-current liabilities</b>					
Employee benefits	2.11	48,819,639	45,378,638	50,027,342	46,477,527
Finance lease liabilities	2.12	101,825	253,539	101,825	253,539
<b>Total non-current liabilities</b>		<b>48,921,464</b>	<b>45,632,177</b>	<b>50,129,167</b>	<b>46,731,066</b>
<b>TOTAL LIABILITIES</b>		<b>58,944,280</b>	<b>56,501,752</b>	<b>66,935,101</b>	<b>65,435,186</b>
<b>NET ASSETS</b>		<b>21,547,287</b>	<b>18,989,088</b>	<b>35,272,345</b>	<b>31,649,352</b>
Fund balances and reserves	2.13	17,702,170	11,564,184	29,477,447	21,608,602
Surplus/(deficit) for the year		3,845,117	7,424,904	5,794,898	10,040,750
<b>TOTAL FUND BALANCES AND RESERVES</b>	2.13	<b>21,547,287</b>	<b>18,989,088</b>	<b>35,272,345</b>	<b>31,649,352</b>

The accompanying notes form an integral part of these financial statement

**INTERNATIONAL MARITIME ORGANIZATION**  
**STATEMENT II**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**for the year ended 31 December 2019**

REVENUE	Note	IMO		Consolidated	
		2019	2018	2019	2018
Assessed contributions	3.1	33,242,000	31,872,098	33,242,000	31,872,098
Donor voluntary contributions	3.2	11,441,314	9,521,425	17,995,354	14,547,662
Commercial activities	3.3	15,125,571	15,999,121	16,587,439	17,041,684
Fellowships	3.4	-	-	5,777,277	5,824,177
Other revenue	3.5	692,819	466,781	1,427,506	998,431
<b>TOTAL REVENUE</b>		<b>60,501,704</b>	<b>57,859,425</b>	<b>75,029,576</b>	<b>70,284,052</b>
<b>EXPENSES</b>					
Staff and other personnel costs	4.1	36,279,639	34,692,245	44,547,483	41,962,513
Travel expenses	4.2	2,369,562	1,881,793	3,190,223	2,555,866
Supplies, consumables and other running costs	4.3	5,451,974	5,725,389	6,646,357	6,817,936
Costs related to trading activities	4.4	2,019,389	1,864,961	2,029,765	1,873,634
Outsourced services	4.5	2,620,126	1,118,960	2,969,355	1,477,235
Training and development	4.6	4,697,008	4,085,733	6,629,017	5,500,134
Depreciation, amortization and impairment	4.7	1,030,083	1,045,550	1,181,505	1,287,420
Return of unspent funds	4.8	291,757	125,583	291,757	125,583
Other expenses	4.9	866,979	1,022,585	1,068,352	889,136
<b>TOTAL EXPENSES</b>		<b>55,626,517</b>	<b>51,562,799</b>	<b>68,553,814</b>	<b>62,489,457</b>
Currency exchange gain(loss)	4.10	(1,030,070)	1,128,278	(680,864)	2,246,155
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>3,845,117</b>	<b>7,424,904</b>	<b>5,794,898</b>	<b>10,040,750</b>

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 2019**  
**(GBP)**  
**Accumulated Surpluses/Fund Balances**

Accumulated surpluses/Fund balances and reserves					
		IMO		Consolidated	
	Note	2019	2018	2019	2018
Opening balance 1 January		18,989,088	9,472,704	31,649,352	19,653,930
Surplus/(deficit) for the year	6.2	3,845,117	7,424,904	5,794,898	10,040,750
Other movements on reserves					
Transfers		-	-	-	(42,765)
Actuarial gain(loss) for the year	2.11	(1,286,918)	2,091,480	(1,286,918)	2,091,480
Exchange rate effect	10	-	-	(884,987)	(94,043)
Total movement for the year		2,558,199	9,516,384	3,622,993	11,995,422
TOTAL NET ASSETS		21,547,287	18,989,088	35,272,345	31,649,352

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 2019**  
**(GBP)**

	Note	IMO 2019	IMO 2018	Consolidated 2019	Consolidated 2018
<b>Cash flow from operating activities:</b>					
Surplus/(Deficit) for the period <sup>5</sup>		4,562,515	6,651,400	5,780,392	7,937,666
Interest earned	3.5	652,871	440,201	987,241	702,626
(Increase)/decrease in contributions receivable	2.2	(310,939)	(108,217)	(312,742)	(106,230)
(Increase)/decrease in inventories	2.3	(3,521)	60,677	(40)	56,595
(Increase)/decrease in advances to sub-contractors	2.4	(162,482)	(197,635)	(162,482)	(197,635)
(Increase)/decrease in other receivables	2.5	(495,381)	1,373,402	(487,969)	1,088,215
Depreciation of property, plant and equipment <sup>6</sup>	2.7	615,983	514,099	667,363	641,829
(Gain)/loss on disposal of property, plant and equipment	2.7	-	(62,868)	2,072	(62,868)
Donation of Assets	2.7	-	135,302	-	135,302
Amortization of intangible assets <sup>2</sup>	2.8	328,825	436,454	344,889	435,280
(Gain)/loss on disposal of intangible Assets	2.8	-	14,241	-	14,241
Increase/(decrease) in payables and accruals	2.9	(949,903)	1,740,073	(2,005,894)	4,859,757
Increase/(decrease) in provisions for warranties	2.10	(5,463)	21,334	(5,463)	21,334
Increase/(decrease) in employee benefits	2.11	3,543,715	(488,168)	3,657,093	(348,304)
<b>Net cash flows from operating activities</b>		<b>7,776,220</b>	<b>10,530,295</b>	<b>8,464,460</b>	<b>15,177,808</b>
<b>Cash flows from investing activities:</b>					
Investment in term deposit and bonds		-	-	40,351	(1,290,557)
Purchases of property, plant and equipment <sup>2</sup>	2.7	(555,008)	(180,391)	(580,369)	(251,305)
Purchases of intangible assets <sup>2</sup>	2.8	(8,000)	(10,871)	(128,180)	(9,308)
Proceeds from sale of property, plant and equipment	2.7	-	63,096	-	63,397
<b>Net cash flows from investing activities</b>		<b>(563,008)</b>	<b>(128,166)</b>	<b>(668,198)</b>	<b>(1,487,773)</b>
<b>Cash flows from financing activities:</b>					
(Decrease)/Increase in finance lease liabilities	2.12	(145,821)	(32,447)	(145,821)	(32,447)
<b>Net cash flows from financing activities</b>		<b>(145,821)</b>	<b>(32,447)</b>	<b>(145,821)</b>	<b>(32,447)</b>
<b>Other movements in net assets</b>	2.13	<b>(1,286,918)</b>	<b>2,091,480</b>	<b>(1,286,918)</b>	<b>2,048,715</b>
<b>Gain (loss) on exchange on consolidation</b>	2.13	<b>-</b>	<b>-</b>	<b>(884,987)</b>	<b>(94,043)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	4.10	<b>(1,370,269)</b>	<b>333,303</b>	<b>(972,735)</b>	<b>1,400,458</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>4,410,204</b>	<b>12,794,465</b>	<b>4,505,801</b>	<b>17,012,718</b>
<b>Cash and cash equivalents at beginning of the year</b>	2.1	<b>69,370,863</b>	<b>56,576,398</b>	<b>87,524,931</b>	<b>70,512,213</b>
<b>Cash and cash equivalents at end of the year</b>	2.1	<b>73,781,067</b>	<b>69,370,863</b>	<b>92,030,732</b>	<b>87,524,931</b>

The accompanying notes form an integral part of these financial statements

<sup>5</sup> IMO - surplus of £3,845,117 (2018: surplus of £7,424,904), excluding interest earned of £652,871 (2018: £440,201) and loss on exchange of cash and cash equivalents of £1,370,269 (2018: gain of £333,303) and Consolidated Group – surplus of £5,794,898 (2018: surplus of £10,040,750), excluding interest earned of £987,241 (2018: £702,626) and loss on exchange of cash and cash equivalents of £972,735 (2018: gain of £1,400,458).

<sup>6</sup> 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 Va STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS-**  
**IMO**  
**for the year ended 31 December 2019**  
**(GBP)**

	Budget Amounts <sup>2</sup>				Actual Amounts on Comparable Basis <sup>2</sup>		Variances: Final Budget and Actual Amounts	
	Original 2019	Original 2018	Final 2019	Final 2018	2019	2018	2019	2018
<b>Receipts<sup>1</sup></b>								
Assessed contributions	33,242,000	31,864,000	33,242,000	31,864,000	33,381,166	31,797,075	139,166	(66,925)
Support costs income	1,536,000	1,524,000	1,536,000	1,524,000	1,658,846	1,454,942	122,846	(69,058)
Trading income	12,048,000	12,074,000	12,048,000	12,074,000	14,416,016	14,787,736	2,368,016	2,713,736
Other income	156,000	159,000	156,000	159,000	367,036	191,310	211,036	32,310
Funds Transfer <sup>3</sup>	910,000	910,000	1,410,000	1,480,000	1,410,000	1,480,000	-	-
<b>Total receipts</b>	<b>47,892,000</b>	<b>46,531,000</b>	<b>48,392,000</b>	<b>47,101,000</b>	<b>51,233,064</b>	<b>49,711,063</b>	<b>2,841,064</b>	<b>2,610,063</b>
<b>Payments<sup>1</sup></b>								
Regular budget strategic results	35,429,000	34,141,000	35,515,101	34,238,495	33,266,781	31,954,638	2,249,006	2,283,857
Trading	6,729,000	6,576,000	6,729,000	6,576,000	6,042,955	5,999,670	686,045	576,330
Headquarters capital	1,167,000	1,144,000	1,479,061	1,260,101	1,156,379	759,474	322,682	500,627
Termination/separation	859,000	859,000	1,359,000	1,429,000	1,154,601	1,381,267	203,713	47,733
Training and development	115,000	115,000	115,000	134,975	101,134	126,535	13,866	8,440
Technical cooperation (TC Fund)	4,850,000	5,150,000	5,052,301	5,848,894	4,229,408	5,630,803	822,893	218,091
<b>Total payments</b>	<b>49,149,000</b>	<b>47,985,000</b>	<b>50,249,463</b>	<b>49,487,465</b>	<b>45,951,258</b>	<b>45,852,387</b>	<b>4,298,205</b>	<b>3,635,078</b>
<b>Net</b>	<b>(1,257,000)</b>	<b>(1,454,000)</b>	<b>(1,857,463)</b>	<b>(2,386,465)</b>	<b>5,281,806</b>	<b>3,858,676</b>	<b>7,139,269</b>	<b>6,245,141</b>

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

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

3 Funds Transfer in the Original Budget includes transfers of funds from the General Fund to the Headquarters Capital fund (£120,000) and Termination Benefits Fund (£790,000). The Final Budget for 2019 includes additional budget transfers for commitments made in prior years discharged in 2019 totalling £600,463 as detailed in Note 7.1. In addition, in line with the Council's decision in its 122nd session, the final Funds Transfer budget and the budget for the Termination Benefit Fund include the supplementary funds of £500,000 funded by transfer from the regular budget for 2019.

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

**INTERNATIONAL MARITIME ORGANIZATION**  
**STATEMENT Vb STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**Consolidated**  
**for the year ended 31 December 2019**  
**(GBP)**

	Budget Amounts <sup>2</sup>				Actual Amounts on Comparable Basis <sup>2</sup>		Variances: Final Budget and Actual Amounts	
	Original 2019	Original 2018	Final 2019	Final 2018	2019	2018	2019	2018
<b>Receipts<sup>1</sup></b>								
Assessed contributions	33,242,000	31,864,000	33,242,000	31,864,000	33,381,166	31,797,075	139,166	(66,925)
Support costs income	1,536,000	1,524,000	1,536,000	1,524,000	1,658,846	1,454,942	122,846	(69,058)
Trading income	12,048,000	12,074,000	12,048,000	12,074,000	14,416,016	14,787,736	2,368,016	2,713,736
Other income	156,000	159,000	156,000	159,000	367,036	191,310	211,036	32,310
Funds Transfer <sup>3</sup>	910,000	910,000	1,410,000	1,480,000	1,410,000	1,480,000	-	-
Education and research	14,069,388	15,057,854	14,599,088	12,805,054	14,100,331	12,486,680	(498,757)	(318,374)
<b>Total receipts</b>	<b>61,961,388</b>	<b>61,588,854</b>	<b>62,991,088</b>	<b>59,906,054</b>	<b>65,333,395</b>	<b>62,197,743</b>	<b>2,342,307</b>	<b>2,291,689</b>
<b>Payments<sup>1</sup></b>								
Regular budget strategic results	35,429,000	34,141,000	35,515,101	34,238,495	33,266,781	31,954,638	2,249,006	2,283,857
Trading	6,729,000	6,576,000	6,729,000	6,576,000	6,042,955	5,999,670	686,045	576,330
Headquarters capital	1,167,000	1,144,000	1,479,061	1,260,101	1,156,379	759,474	322,682	500,627
Termination/separation	859,000	859,000	1,359,000	1,429,000	1,154,601	1,381,267	203,713	47,733
Training and development	115,000	115,000	115,000	134,975	101,134	126,535	13,866	8,440
Technical cooperation (TC Fund)	4,850,000	5,150,000	5,052,301	5,848,894	4,229,408	5,630,803	822,893	218,091
Education and research	13,651,984	12,650,507	13,822,884	12,466,207	12,885,667	11,741,441	937,217	724,766
<b>Total payments</b>	<b>62,800,984</b>	<b>60,635,507</b>	<b>64,072,347</b>	<b>61,953,672</b>	<b>58,836,925</b>	<b>57,593,828</b>	<b>5,235,422</b>	<b>4,359,844</b>
<b>Net</b>	<b>(839,596)</b>	<b>953,347</b>	<b>(1,081,259)</b>	<b>(2,047,618)</b>	<b>6,496,470</b>	<b>4,603,915</b>	<b>7,577,729</b>	<b>6,651,533</b>

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

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

3 Funds Transfer in the Original Budget includes transfers of funds from the General Fund to the Headquarters Capital fund (£120,000) and Termination Benefits Fund (£790,000). The Final Budget for 2019 includes additional budget transfers for commitments made in prior years discharged in 2019 totalling £600,463 as detailed in Note 7.1. In addition, in line with the Council's decision in its 122nd session, the final Funds Transfer budget and the budget for the Termination Benefit Fund include the supplementary funds of £500,000 funded by transfer from the regular budget for 2019.

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



## NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2019

### 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. 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.

#### Cash and Cash Equivalents

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

#### Contributions and Receivables

7 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.

8 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".

9 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.

10 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.

11 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

12 The Organization's commercial sales operations, conducted through the Trading Fund, 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 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.

13 Revenue from the sale of publications is recognized upon shipment to the customer, with the exception of consignment stock held on the Organization's behalf by distributors under agreements where the Organization retains the risks and rewards of ownership. Sales of such consignment stock are recognized as sales when made by the distributor to the end customer.

## Inventories

14 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.

15 The cost of publications includes purchase cost, transportation and delivery costs, determined on a weighted average basis. Publications held by distributors under a consignment stock arrangement continue to be shown as the Organization's asset until their sale by the distributor.

16 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.

17 Obsolete books are held at nil value until their disposal.

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

19 No publications are held solely for distribution on a free of charge basis. Such distributions typically represent less than 5% of all publications distributed. Consequently, no provision is made in this regard.

## Property, Plant and Equipment

20 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 are as follows:

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

21 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.

22 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.

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

## Intangible Assets

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

25 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.

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

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

## Leases

### Finance Leases

27 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.

28 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.

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

30 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

31 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.

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

## Employee Benefits Liabilities

33 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.

34 IMO is a member organization participating in the United Nations Joint Staff Pension Fund (the UNJSPF or the Fund), which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits to employees. The Pension Fund is a funded, multi-employer defined benefit plan. As specified by 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 at 1 January 2019, staff members of the WMU have become members of UNJSPF. Certain categories of employees of IMO and WMU are members of the UNJSPF.

35 The plan 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 plan. The Agency and the UNJSPF, in line with the other participating organizations in the Fund, are not in a position to identify the Agency'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 Agency has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 39 Employee Benefits. The Agency's contributions to the plan during the financial period are recognized as expenses in the Statement of Financial Performance.

36 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.

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 the 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.

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. 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 of the previous financial year sales based on the historical levels 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	
	2019 GBP	2018 GBP	2019 GBP	2018 GBP
Bank and Imprest Cash	15,875,826	25,595,355	31,270,009	40,854,027
Short-term deposits	57,901,935	43,772,453	60,756,135	46,662,053
Other cash and cash equivalents	3,306	3,055	4,588	8,851
<b>Total Cash and Cash Equivalents</b>	<b>73,781,067</b>	<b>69,370,863</b>	<b>92,030,732</b>	<b>87,524,931</b>

50 Cash required for immediate disbursement is maintained in cash and bank accounts. 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. Short-term deposits are investments held to maturity invested for a maximum of twelve months with an approved list of counterparties. Those deposits held at year end are measured at amortised cost that is discounted, using the effective interest method. 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, on the basis of 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 senior administrative and financial staff, along with an 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 at 31 December 2019 by currency of investment and maturity date:

IMO Treasury Deposit			
Maturity Date	Currency	Amount	Value in GBP
12 March 2020	USD	14,543,791	11,108,378
12 March 2020	GBP	10,004,268	10,004,268
12 June 2020	GBP	36,789,289	36,789,289
<b>Total short term deposits</b>			<b>57,901,935</b>

55 IMLI holds short term deposit of €3,350,000 as at 31 December 2019 (2018: €3,200,000), which is equivalent to £2,854,200 as at 31. December 2019 (2018 £2,889,600). There was no impairment of short-term deposits as at 31 December 2019.

## Note 2.2: Contributions Receivable

	IMO		Consolidated	
	2019 GBP	2018 GBP	2019 GBP	2018 GBP
<b>Composition:</b>				
Member States assessments	192,873	355,655	192,873	355,655
Donor voluntary contributions	551,292	77,571	564,410	88,886
<b>Total Contributions Receivable</b>	<b>744,165</b>	<b>433,226</b>	<b>757,283</b>	<b>444,541</b>

56 Contributions receivable for Member States' assessments and donor voluntary contributions relate to non-exchange transactions.

	IMO		Consolidated	
	2019 GBP	2018 GBP	2019 GBP	2018 GBP
Member States assessments due	1,007,101	1,146,663	1,007,101	1,146,663
<b>Total Contributions Receivable before allowance</b>	<b>1,007,101</b>	<b>1,146,663</b>	<b>1,007,101</b>	<b>1,146,663</b>
Fair value adjustments	(459,164)	(435,944)	(459,164)	(435,944)
Allowance for doubtful accounts	(355,064)	(355,064)	(355,064)	(355,064)
<b>Net Contributions Receivable</b>	<b>192,873</b>	<b>355,655</b>	<b>192,873</b>	<b>355,655</b>

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

	IMO				Consolidated			
	2019 GBP		2018 GBP		2019 GBP		2018 GBP	
	Amount	%	Amount	%	Amount	%	Amount	%
<b>Year of assessment:</b>								
2019	206,455	20			206,455	20		
2018	90,864	9	381,507	33	90,864	9	381,507	33
2017	39,366	4	57,258	5	39,366	4	57,258	5
2016 and earlier	670,416	67	707,898	62	670,416	67	707,898	62
<b>Nominal value of assessments receivable</b>	<b>1,007,101</b>	<b>100</b>	<b>1,146,663</b>	<b>100</b>	<b>1,007,101</b>	<b>100</b>	<b>1,146,663</b>	<b>100</b>



58 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.

59 The movements of the allowance for fair value adjustment and doubtful accounts during 2019 are as follows:

	Opening Balance 01.01.2019 GBP	Increase/ (Decrease) GBP	Closing Balance 31.12.2019 GBP
Fair value adjustment for Member States' arrears - IMO	435,944	23,220	459,164
Fair value adjustment for Member States' arrears – Consolidated	435,944	23,220	459,164
<b>Total allowance for doubtful accounts - IMO</b>	<b>355,064</b>	<b>-</b>	<b>355,064</b>
<b>Total allowance for doubtful accounts - Consolidated</b>	<b>355,064</b>	<b>-</b>	<b>355,064</b>

60 As at 31 December 2019 there were a total of 34 Member States with outstanding balances. Of these, 27 had current year and prior year balances only. The remaining 7 had arrears prior to 2018. One Member State had an agreed payment plan in place for outstanding arrears as at 31 December 2019. For the Member States in arrears and without such an agreement, 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.

61 In addition to the balances due from those 34 Member States, 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 as 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.

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

63 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 2019 are discounted based on likely timings of such future cash flows. A review of amounts due as at 31 December 2019 indicated that no such adjustments were required on outstanding balances.

64 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	
	2019 GBP	2018 GBP	2019 GBP	2018 GBP
IMO publications	1,038,753	1,035,184	1,038,753	1,035,184
Model courses	22,612	22,660	22,612	22,660
Public relations articles	-	-	28,562	32,043
<b>Total Inventories</b>	<b>1,061,365</b>	<b>1,057,844</b>	<b>1,089,927</b>	<b>1,089,887</b>

Inventories reconciliation – IMO	2019 GBP	2018 GBP
Opening inventories	1,057,844	1,118,521
Purchases	1,071,002	898,266
<b>Total inventories available for sale</b>	<b>2,128,846</b>	<b>2,016,787</b>
Cost of sales	(976,280)	(923,562)
Cost of free distributions	(9,008)	(13,975)
Inventory adjustment	2,269	1,157
Closing inventories	<b>1,145,827</b>	<b>1,080,407</b>
Allowance for impairment	(84,462)	(22,563)
<b>Total inventories</b>	<b>1,061,365</b>	<b>1,057,844</b>

	Opening Balance 01.01.2019 GBP	Utilization GBP	Increase GBP	Closing Balance 31.12.2019 GBP
Allowance for impairment - obsolete books	22,563	(22,563)	84,462	84,462
<b>Total allowance</b>	<b>22,563</b>	<b>(22,563)</b>	<b>84,462</b>	<b>84,462</b>

65 A periodic review has indicated that there is no requirement for an impairment allowance for slow-moving titles at any point during the year.

66 Inventory quantities are validated by physical stock counts and valued at weighted average cost, including transportation and delivery costs.

67 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, the valuation of inventory as a whole may reasonably be made on the basis of the lower of cost or (commercial) net realizable value.

68 The Organization discontinued consignment stock in 2019 as part of a business decision and all consignment stock customers paid for their stock. The Organization did not have consignment stock held at distributor premises as at 31 December 2019.

69 As at 31 December 2019, WMU held inventory of public relations articles valued at £28,562 (2018: £32,043).

**Note 2.4: Advances to Sub-Contractors**

70 Advances to sub-contractors are payments made under contract with regional bodies and similar organizations which, acting as implementing agents, 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 deliver regional services on the Organization's behalf, through the Service Clearing Account arrangement, are also considered to be advances to sub-contractors. The outstanding advances at the end of the period were to:

Sub-Contractors	IMO	
	2019 GBP	2018 GBP
Intergovernmental Oceanographic Commission of UNESCO (IOC-UNESCO)	309,057	-
United Nations Development Programme - Service Clearing Account (SCA)	215,500	411,609
Pacific Community (SPC)	172,062	25,343
European Maritime Safety Agency (EMSA)	64,855	-
Prefectura Naval Argentina (PNA)	38,562	39,977
Central American Commission of Maritime Transport (COCATRAM)	22,535	22,862
Regional Marine Pollution Emergency, Information and Training Centre – Caribe	18,300	82,631
Others	49,632	145,599
<b>Total advances to sub-contractors</b>	<b>890,503</b>	<b>728,021</b>

**Note 2.5: Other Receivables**

	IMO		Consolidated	
	2019 GBP	2018 GBP	2019 GBP	2018 GBP
<b>Relating to exchange transactions</b>				
Advances to staff	1,057,667	730,287	1,113,348	755,592
Taxes recoverable	644,034	592,351	681,255	618,398
Advances to vendors	94,718	175,535	434,579	517,070
Fellowships	-	-	189,320	64,504
Miscellaneous	515,869	318,734	845,088	814,407
	<b>2,312,288</b>	<b>1,816,907</b>	<b>3,263,590</b>	<b>2,769,971</b>
<b>Relating to non-exchange transactions</b>				
Taxes recoverable	-	-	13,467	19,117
	<b>-</b>	<b>-</b>	<b>13,467</b>	<b>19,117</b>
<b>Total Other Receivables</b>	<b>2,312,288</b>	<b>1,816,907</b>	<b>3,277,057</b>	<b>2,789,088</b>

71 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 are shown below:

Advances to staff	IMO		Consolidated	
	2019 GBP	2018 GBP	2019 GBP	2018 GBP
Education Grant advance	648,061	399,767	696,120	417,978
Service incurred injury	203,543	74,051	203,543	74,051
Home leave prepayment	109,296	86,815	111,957	90,176
Season ticket loan	54,868	46,822	54,868	46,822
Others	41,899	122,832	46,860	126,565
<b>Total</b>	<b>1,057,667</b>	<b>730,287</b>	<b>1,113,348</b>	<b>755,592</b>

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

73 Service incurred injury are medical cost advanced to staff due to workplace injury; these are recoverable from the insurance provider.

74 Eligible staff receive one home leave travel entitlement in a two year period, the costs of which are spread over that two year period, which may result in a prepayment where staff travel in the first year of their entitlement or an accrual where travel is primarily to be taken in the second year of entitlement.

75 Season ticket loans to staff are typically recovered through eleven equal deductions from the payroll.

76 Taxes recoverable are VAT, 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.

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

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

79 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 recoverable and travel recoverable from sponsors.

## **Note 2.6: Investment in Bonds**

80 The consolidated figure for investment in bonds as at 31 December 2019 partly represents the €1,000,000 contributed to the Endowment Fund of the World Maritime University, which was invested through Nordea Bank consistent with the long-term objective of growing capital base of the fund and with the article 13, paragraph 3 of the Interim Statute of the Endowment Fund. The investment was placed in June 2017 by Nodea Bank 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 investment in bonds are with maturity dates ranging 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 2019 and 2018 amounted to Euro 17,685 (SEK 186,160) and Euro 21,563 (SEK 219,199) respectively. The total value of € 1,000,000 amounted to SEK 10,430,000 as at 31 December 2019 (2018: SEK 10,296,000) with equivalent value in GBP of £855,260 as at 31 December 2019 (2018: £906,048).

81 Furthermore, IMLI initiated a new long-term investment on the recommendation of the External Auditors in their report for the year 2016. Following approval from the Financial and Human Resources Committee (Fincom) in December 2017, 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 days calendar period). The initial investment of the fund was of €1,500,000. During the year the amount of €29,016 in interest and dividends earned were reinvested into the fund thus increasing the investment to €1,504,045 (2018: €1,407,541) equivalent to £1,281,446 (2018: £1,271,009). At the end of December 2019, the market value of the fund stood at €1,565,359, resulting in an appreciation in value of €61,314.

**Note 2.7: Property, Plant and Equipment**

<b>Asset category – IMO</b>							
<b>GBP</b>	<b>Communicatio n &amp; IT equipment</b>	<b>Conference equipment</b>	<b>Vehicles</b>	<b>Furniture &amp; fixtures</b>	<b>Leased equipmen t</b>	<b>Miscellaneou s</b>	<b>Total</b>
<b>Cost</b>							
Opening Balance 01.01.2019	2,378,494	1,598,216	122,637	609,607	780,927	82,591	<b>5,572,472</b>
Adjustment Opening Balance	(1)		(1)	1	(3,325)	1	<b>(3,325)</b>
Additions	503,389	5,938	-	11,489	-	34,192	<b>555,008</b>
Disposals	(7,407)	-	-	(2,624)		(1,894)	<b>(11,925)</b>
<b>Closing Balance 31.12.2019</b>	<b>2,874,475</b>	<b>1,604,154</b>	<b>122,636</b>	<b>618,473</b>	<b>777,602</b>	<b>114,890</b>	<b>6,112,230</b>
<b>Accumulated Depreciation</b>							
Opening Balance 01.01.2019	2,254,261	611,674	110,050	588,200	299,473	57,861	<b>3,921,519</b>
Adjustment Opening Balance	(1)			1	(3,324)	(1)	<b>(3,325)</b>
Disposals	(7,407)	-	-	(2,624)		(1,894)	<b>(11,925)</b>
Depreciation charge for the year	193,937	227,273	9,498	10,363	163,427	11,485	<b>615,983</b>
<b>Closing Balance 31.12.2019</b>	<b>2,440,790</b>	<b>838,947</b>	<b>119,548</b>	<b>595,940</b>	<b>459,576</b>	<b>67,451</b>	<b>4,522,252</b>
<b>Net Book Value</b>							
Adjusted Opening Balance 01.01.2019	124,233	986,542	12,587	21,407	481,454	24,730	<b>1,650,953</b>
<b>Closing Balance 31.12.2019</b>	<b>433,685</b>	<b>765,207</b>	<b>3,088</b>	<b>22,533</b>	<b>318,026</b>	<b>47,439</b>	<b>1,589,978</b>

82 Property, plant and equipment are capitalized if their cost is greater than or equal to the threshold limit set at £500. The asset's value, less any estimated disposal price, is depreciated over the asset's estimated useful life using the straight line method. The threshold level is reviewed periodically.

83 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.

84 Assets are reviewed annually to determine if there is any impairment in their value. During 2019, thirteen items of obsolete property, plant and equipment were disposed of, as detailed in the table below:

<b>Description</b>	<b>Number of Items</b>	<b>Purchase Value (GBP)</b>
Desktop, Laptops and Printer	7	7,407
Ice Cream Upright Freezer	1	1,292
Air Conditioner Units - Ghana	2	1,106
Desk - Ghana	1	766
Table	1	753
Wi-Fi Equipment - Ghana	1	601
<b>Total</b>	<b>13</b>	<b>11,925</b>

**Asset category – Consolidated**

<b>GBP</b>	<b>Communication &amp; IT equipment</b>	<b>Conference equipment</b>	<b>Vehicles</b>	<b>Furniture &amp; fixtures</b>	<b>Leased equipment</b>	<b>Miscellaneous</b>	<b>Total</b>
<b>Cost</b>							
Opening Balance 01.01.2019	<b>3,181,891</b>	<b>1,598,216</b>	<b>250,501</b>	<b>918,240</b>	<b>780,927</b>	<b>268,562</b>	<b>6,998,337</b>
Adjustment Opening balance	(1)	-	(1)	1	(3,325)	1	<b>(3,325)</b>
Additions	556,377	5,938	-	51,024	-	61,996	<b>675,335</b>
Disposals	(69,858)	-	-	(6,789)	-	(2,591)	<b>(79,238)</b>
Exchange Rate Movement Differences	(53,584)	-	(7,879)	(21,364)	-	(12,139)	<b>(94,966)</b>
<b>Closing Balance 31.12.2019</b>	<b>3,614,825</b>	<b>1,604,154</b>	<b>242,621</b>	<b>941,112</b>	<b>777,602</b>	<b>315,829</b>	<b>7,496,143</b>
<b>Accumulated Depreciation</b>							
Opening Balance 01.01.2019	<b>2,983,350</b>	<b>611,674</b>	<b>231,222</b>	<b>769,838</b>	<b>299,473</b>	<b>204,793</b>	<b>5,100,350</b>
Adjustments	(1)	-	-	1	(3,324)	(1)	<b>(3,325)</b>
Disposals	(67,860)	-	-	(6,789)	-	(2,517)	<b>(77,166)</b>
Depreciation charge for the year	241,069	227,273	13,501	65,091	163,427	35,709	<b>746,070</b>
Exchange Rate Movement Differences	(48,545)	-	(7,617)	(13,070)	-	(9,475)	<b>(78,707)</b>
<b>Closing Balance 31.12.2019</b>	<b>3,108,013</b>	<b>838,947</b>	<b>237,106</b>	<b>815,071</b>	<b>459,576</b>	<b>228,509</b>	<b>5,687,222</b>
<b>Net Book Value</b>							
Opening Balance 01.01.2019	<b>198,541</b>	<b>986,542</b>	<b>19,279</b>	<b>148,402</b>	<b>481,454</b>	<b>63,769</b>	<b>1,897,987</b>
<b>Closing Balance 31.12.2019</b>	<b>506,812</b>	<b>765,207</b>	<b>5,515</b>	<b>126,041</b>	<b>318,026</b>	<b>87,320</b>	<b>1,808,921</b>

85 The total value reported under "Miscellaneous" as at 31 December 2019 includes the reference library of £15,153 (2018: £13,286) held by IMLI, with additional reference texts being capitalized and depreciated over a period of three years.

86 This note includes the effect of the revaluation of the property, plant and equipment held by WMU and IMLI with a net impact of £16,258 (2018: £6,757) resulting from the change in value of the Swedish Krona and Euro respectively from 1 January to 31 December 2019. Opening balances are presented at the exchange rate applicable on 1 January 2019 and closing balances at the rate applicable on 31 December 2019, 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.

87 The City of Malmö provides leasing free of rent and maintenance for the WMU teaching and administration building. In kind contributions of services are not recognized in WMU's financial statements. The buildings used by IMLI are not included as the Institute has the bare use of the premises. The University of Malta and the Government of Malta have made the building available for

use by the Institute for 15 years under the terms of an agreement dated 26 May 1988. The Government of Malta has since extended the period for a further 25 years and it reimburses the repair and maintenance costs up to approximately €9,000 (£7,929) (2018: £7,974).

## Note 2.8: Intangible Assets

GBP	Asset Category -IMO	
	Externally purchased software IMO	Externally purchased software Consolidated
<b>Cost</b>		
Opening Balance 01.01.2019	3,508,282	3,577,068
Additions	8,000	135,916
Movements as a result of exchange rate difference	-	(7,736)
<b>Closing Balance 31.12.2019</b>	<b>3,516,282</b>	<b>3,705,248</b>
<b>Accumulated Amortization</b>		
Opening Balance 01.01.2019	3,075,256	3,144,042
Amortization charge for the year	328,825	350,086
Movements as a result of exchange rate difference	-	(5,197)
<b>Closing Balance 31.12.2019</b>	<b>3,404,081</b>	<b>3,488,931</b>
<b>Net Book Value</b>		
Opening Balance 01.01.2019	433,026	433,026
<b>Closing Balance 31.12.2019</b>	<b>112,201</b>	<b>216,317</b>

88 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.

89 This note includes the effect of the revaluation of the Intangible Assets held by WMU with a net impact of £2,539 (2018: £17) resulting from the change in value of the Swedish Krona from 1 January to 31 December 2019. Opening balances are presented at the exchange rate applicable on 1 January 2019 and closing balances at the rate applicable on 31 December 2019, while depreciation charges and additions for the year are shown at the average rate of exchange, consistent with Statement I and Statement II, respectively.

90 Neither IMO nor the consolidated group has made any disposals of externally purchased software during 2019.



**Note 2.9: Payables and Accruals**

	IMO		Consolidated	
	2019 GBP	2018 GBP	2019 GBP	2018 GBP
<b>Relating to exchange transactions</b>				
Accruals	1,824,332	1,318,793	1,913,996	1,391,115
Payable to vendors	949,255	1,215,637	1,098,713	1,361,692
Advances from customers	300,664	400,915	300,665	400,915
Payable to staff	48,149	109,653	48,149	109,653
Fellowships	-	-	188,949	461,015
Deferred revenue	22,023	31,640	22,023	31,640
Other	-	-	608	644
	<b>3,144,423</b>	<b>3,076,638</b>	<b>3,573,103</b>	<b>3,756,674</b>
<b>Relating to non-exchange transactions</b>				
Fellowships	-	-	4,125,957	3,960,922
Condition on donor contributions	4,131,025	5,693,260	4,131,025	5,693,260
Advance contributions	1,691,121	709,530	3,626,107	3,340,583
Contributions Incentive Scheme	166,276	105,403	166,276	105,403
Deferred revenue	266,029	533,732	266,029	533,732
Funds held in trust	-	226,833	-	566,402
Payable to donors	92,099	95,480	266,271	226,833
Other	-	-	91,093	67,946
	<b>6,346,550</b>	<b>7,364,238</b>	<b>12,672,758</b>	<b>14,495,081</b>
<b>Total Payables and Accruals</b>	<b>9,490,973</b>	<b>10,440,876</b>	<b>16,245,861</b>	<b>18,251,755</b>

91 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.

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

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

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

95 Fellowships and donations received and accrued for the academic year 2019/2020 relating to WMU and IMLI are apportioned over the period of the academic year. The amounts received or accrued in respect of that part of the academic year falling in 2019 are disclosed as advance receipts.

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

97 Funds held in trust are contributions made to third party organizations through IMO for administrative purposes only. The Organization has no control over the application of those funds.

98 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, 2019, is shown.

Condition on donor contributions	IMO		Consolidated	
	2019 GBP	2018 GBP	2019 GBP	2018 GBP
European Commission – Capacity Building for Climate Mitigation in the Maritime Shipping Industry	3,980,222	5,680,377	3,980,222	5,680,377
European Commission – Western Mediterranean Region Marine Oil and HNS Pollution Cooperation (West MOPoCo)	138,653	-	138,653	-
European Commission – Mediterranean Decision Support System for Marine Safety (MEDESS-4MS)	12,150	12,883	12,150	12,883
<b>Total</b>	<b>4,131,025</b>	<b>5,693,260</b>	<b>4,131,025</b>	<b>5,693,260</b>

99 Advance contributions reflect balances received from Member States during 2019 towards the 2020 assessed contributions and beyond.

100 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 2019 totalled £166,276 of which £62,809 relates to CIS earned during 2018 and £74,640 earned during 2019, to be distributed during 2020. A residual balance for prior years amounting to £28,827 remains awaiting instruction from one Member State.

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

## Note 2.10: Provisions and Warranties

	IMO		Consolidated	
	2019 GBP	2018 GBP	2019 GBP	2018 GBP
Publication sales warranties	82,852	88,315	82,852	88,315
<b>Total provisions for warranties</b>	<b>82,852</b>	<b>88,315</b>	<b>82,852</b>	<b>88,315</b>

	Opening Balance 01.01.2019 GBP	Utilization GBP	Increase GBP	Closing Balance 31.12.2019 GBP
IMO Publications	86,372	(85,057)	80,072	81,387
Model Courses	1,943	(542)	64	1,465
<b>Total allowance</b>	<b>88,315</b>	<b>(85,599)</b>	<b>80,136</b>	<b>82,852</b>

102 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 with the credit being set against purchases of the new title. 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	
	2019 GBP	2018 GBP	2019 GBP	2018 GBP
<b>Current Liabilities</b>				
Short-term employee benefits	197,878	88,352	226,108	112,018
Termination benefits	99,400	106,212	99,400	106,212
	<b>297,278</b>	<b>194,564</b>	<b>325,508</b>	<b>218,230</b>
<b>Non-Current Liabilities</b>				
Post-employment benefits				
After service health insurance	41,740,761	40,172,966	41,740,761	40,172,966
Repatriation	4,560,544	2,992,525	5,412,039	3,777,558
<b>Total long-term employee benefits</b>	<b>46,301,305</b>	<b>43,165,491</b>	<b>47,152,800</b>	<b>43,950,524</b>
Other long-term employee benefits	2,518,334	2,213,147	2,874,542	2,527,003
	<b>48,819,639</b>	<b>45,378,638</b>	<b>50,027,342</b>	<b>46,477,527</b>
<b>Total Employee Benefits Liabilities</b>	<b>49,116,917</b>	<b>45,573,202</b>	<b>50,352,850</b>	<b>46,695,757</b>

103 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.

### 2.11.1: Valuation of Employee Benefits Liabilities

104 Employee benefits liabilities are determined by professional actuaries or calculated by IMO based on personnel data and past payment experience. At 31 December 2019, total employee benefits liabilities amounted to £49,116,917 (2018: £45,573,202), of which £48,819,639 (2018: £45,378,638) was calculated by the actuaries and £297,278 (2018: £194,564) was calculated by IMO. Actuarial valuations are typically undertaken every two years, the last full valuation was undertaken as at 31 December 2017.

### 2.11.2: Short-Term Employee Benefits

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

106 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.

### 2.11.3: Post-Employment Benefits

107 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.

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

109 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)

110 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.

111 The liabilities include the current service costs and the interest costs for 2019, less benefit payments made and, where applicable, plan participants' contributions just as well the impact of the actuarial gains and losses.

#### **2.11.4: Other Long-Term Employee Benefits**

112 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.

113 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**

114 Termination benefits include the expected costs the Organization will bear for the termination of the contract of an employee, as per the detailed formal plan in place at the reporting date.

115 As at 31 December 2019, two staff members are expected to separate during 2020. A terminations benefit liability of £99,400 exists at year end in accordance with IPSAS 39.

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

116 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**

117 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). For the 2019 valuation, the assumptions used are as described in the table below.

118 Actuarial assumptions are required to be disclosed in the financial statements in accordance with IPSAS 39. In addition, each actuarial assumption is required to be disclosed in absolute terms.

119 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.

General		
	31 December 2019	31 December 2017
Discount rate	2.10% pa	2.8% pa
General inflation	2.0% pa	2.0% pa
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	3.25% pa fixed for all ages
Retirement	All members retire at their Normal Retirement Age	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% pa fixed as of 31 December 2019 4% pa fixed as of 31 December 2017	
Ageing increases	3.5% pa for those under 65, 2.5% pa 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.	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.	Assumed to be £7,000 and to increase 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% pa for years 4 to 8 of service and 0.5% pa thereafter.	Based on completed service – 10.9% pa in years 1 to 3, 1.0% pa for years 4 to 8 of service and 0.5% pa thereafter.

120 The following tables provide additional information and analysis on employee benefits liabilities calculated by actuaries

**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
<b>Defined Benefit Obligation as at 01/01/2019</b>	<b>40,172,966</b>	<b>2,992,525</b>	<b>2,213,147</b>	<b>45,378,638</b>
<b>Adjustment to 01/01/2019 balances</b>				
Service cost for 2018	-	182,380	(111,082)	<b>71,298</b>
Interest cost for 2018	-	92,115	60,096	<b>152,211</b>
<b>Adjusted balance as at 01/01/2019</b>	<b>40,172,966</b>	<b>3,267,020</b>	<b>2,162,161</b>	<b>45,602,147</b>
Service cost for 2019	1,542,901	203,706	32,311	<b>1,778,918</b>
Interest cost for 2019	1,192,300	94,132	63,655	<b>1,350,087</b>
Actuarial (gain) loss	(308,157)	1,254,240	340,835	<b>1,286,918</b>
Actual gross benefit payments for 2019	(859,249)	(258,554)	(80,628)	<b>(1,198,431)</b>
<b>Defined Benefit Obligation as at 31/12/2019</b>	<b>41,740,761</b>	<b>4,560,544</b>	<b>2,518,334</b>	<b>48,819,639</b>

**2.11.6.3: Annual Expense and Changes in Net Assets for Calendar Year 2019**

IMO	After-Service Health Insurance Plan GBP	Repatriation Benefit Plan GBP	Accrued Annual Leave Plan GBP	Total GBP
Service cost	1,542,901	386,086	(78,771)	<b>1,850,216</b>
Interest cost	1,192,300	186,247	123,751	<b>1,502,298</b>
Actuarial (gain) loss	(308,157)	1,254,240	340,835	<b>1,286,918</b>
<b>Total Actuarial Expense recognized in 2019</b>	<b>2,427,044</b>	<b>1,826,573</b>	<b>385,815</b>	<b>4,639,432</b>

121 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. The net actuarial loss for 2019 of £1,286,918 (2018: actuarial gain of £2,091,480) was the result of the changes in assumptions applied in the actuarial valuation of the liability due to decrease in the discount rate from 2.8% in 2017 to 2.1% in 2019.

122 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.

**2.11.6.4: Summary of Prior Year Amounts**

123 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	Repatriati on Benefit Plan GBP	Accrued Annual Leave Plan GBP	Total GBP
<b>Actuarial (Gain) loss as at 01.01.2019</b>	<b>9,510,834</b>	<b>(130,247)</b>	<b>1,583,290</b>	<b>10,963,877</b>
<b>Actuarial (Gain) loss in 2019</b>	<b>(308,157)</b>	<b>1,254,240</b>	<b>340,835</b>	<b>1,286,918</b>
<b>Actuarial (Gain) loss as at 31.12.2019</b>	<b>9,202,677</b>	<b>1,123,993</b>	<b>1,924,125</b>	<b>12,250,795</b>

124 Actuarial gains and losses comprise experience adjustments for the difference between the previous actuarial assumptions and what actually happened; and the effects of changes in actuarial assumptions.

IMO	31.12.2019	31.12.2018	31.12.2017	31.12.2016	31.12.2015
	GBP	GBP	GBP	GBP	GBP
<b>ASHI</b>					
Present Value of Defined Benefit Obligation	41,740,761	40,172,966	40,303,417	35,507,753	29,302,323
Experience (gain) loss on Scheme Liabilities	(6,519,900)	-	1,701,085	-	(5,217,624)
(Gain)/loss on changes in assumptions used to value Scheme liabilities	6,211,743	(2,091,480)	1,302,853	4,575,862	2,088,192
<b>Repatriation</b>					
Present Value of Defined Benefit Obligation	4,560,544	2,992,525	3,405,414	3,373,944	3,033,973
Experience (gain) loss on Scheme Liabilities	894,872	-	139,894	-	425,585
(Gain)/loss on changes in assumptions used to value Scheme liabilities	359,368	-	(192,881)	243,836	(27,974)
<b>Annual Leave</b>					
Present Value of Defined Benefit Obligation	2,518,334	2,213,147	2,289,463	2,212,800	2,153,069
Experience (gain) loss on Scheme Liabilities	141,648	-	436,460	-	991,945
(Gain)/loss on changes in assumptions used to value Scheme liabilities	199,187	-	(188,618)	184,807	1,322
<b>Total( ASHI, REP, AL)</b>					
Present Value of Defined Benefit Obligation	48,819,639	45,378,638	45,998,294	41,094,497	34,489,365
Experience (gain) loss on Scheme Liabilities	(5,483,380)	-	2,277,439	-	(3,800,094)
(Gain)/loss on changes in assumptions used to value Scheme liabilities	6,770,298	(2,091,480)	921,354	5,004,505	2,061,540

### 2.11.6.5: Sensitivity Analysis

125 Two of the principal assumptions in the valuation of the long-term employee benefit plans are: i) the discount rate used to determine the present value of benefits that will be paid from the plan in the future; and ii) for the ASHI plan, the rate at which medical costs are expected to increase in the future.

126 The obligations were valued based on a discount rate of 2.1% pa, as of 31 December 2019. The table below shows the effect of a one per cent change in the discount rate on Actuarial liabilities, as of 31 December 2019.

	After Service Health Insurance Plan GBP	Repatriation Benefit Plan GBP	Accrued Annual Leave Plan GBP	Total GBP
%+1	(7,860,000)	(388,000)	(216,000)	(8,464,000)
%-1	10,666,000	455,000	254,000	11,375,000

127 Similarly, a sensitivity analysis was undertaken to determine the impact of changes in assumptions on future healthcare cost. The change in the ASHI obligation due to a one per cent change in the medical cost inflation is presented below.

	2019 1% increase in GBP	2019 1% decrease in GBP
Effect on defined benefit obligation	9,827,000	(7,495,000)



**2.11.6.6: Expected Costs during 2018**

128 The expected contribution of IMO in 2019 to the defined benefits plans is £1,205,000 (2019 estimate: £1,229,413). This has been derived from the 2019 paid figures with the ASHI payments unchanged for 2019 and the repatriation and annual leave payments increasing in line with general inflation.

**2.11.7: United Nations Joint Staff Pension Fund**

129 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.

130 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.

131 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.

132 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.

133 The latest actuarial valuation for the Fund was completed as of 31 December 2017, and the valuation as of 31 December 2019 is currently being performed. A roll forward of the participation data as of 31 December 2017 to 31 December 2018 was used by the Fund for its 2018 financial statements.

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

135 After assessing the actuarial sufficiency of the Fund, the Consulting Actuary concluded that there was no requirement, as of 31 December 2017, 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.

136 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 (2016, 2017 and 2018) amounted to USD 7,131.56 million, of which 0.32% was contributed by the Organization.

137 During 2019, contributions paid to the Fund amounted to USD 9,960,595 (2018:USD 7,759,893). Expected contributions due in 2020 are approximately USD 10,259,413.

138 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.

139 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](http://www.unjspf.org)

## Note 2.12: Leases

### 2.12.1: Finance Leases

140 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	
	2019 GBP	2018 GBP	2019 GBP	2018 GBP
Current	151,713	145,820	151,713	145,820
Non-current	101,825	253,539	101,825	253,539
<b>Total Finance Lease Liabilities</b>	<b>253,538</b>	<b>399,359</b>	<b>253,538</b>	<b>399,359</b>

141 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					
Less than one year	159,050	7,337	151,713	159,050	7,337	151,713
One to four years	103,592	1,767	101,825	103,592	1,767	101,825
<b>Total Finance Lease liabilities</b>	<b>262,642</b>	<b>9,104</b>	<b>253,538</b>	<b>262,642</b>	<b>9,104</b>	<b>253,538</b>

142 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

143 The Organization has a single operating lease with the United Kingdom government for the use of its Headquarters building. The minimum lease payments under this lease are set out in the table below:

	IMO		Consolidated	
	2019 GBP	2018 GBP	2019 GBP	2018 GBP
Not later than one year	1,195,751	1,195,751	1,195,751	1,195,751
Later than one year and not later than five years	5,978,755	5,978,755	5,978,755	5,978,755
Later than five years	8,370,257	9,566,008	8,370,257	9,566,008
<b>Total future minimum lease payments - operating leases</b>	<b>15,544,763</b>	<b>16,740,514</b>	<b>15,544,763</b>	<b>16,740,514</b>

144 The lease costs will be spread over the term of the lease on a straight-line basis, an amount of £1,195,751 having been recognized as annual expenditure in the period.

145 There are no non-cancellable sublease payments to be received on the Headquarters building.

146 The lease expires on 28 October 2032 and does not contain a break clause, nor does it contain renewal or purchase options.

147 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.

**Note 2.13: Fund Balances and Reserves**

Organization Only	Opening Balance 01.01.2019 GBP	Operating Surplus (Deficit) for the Period GBP	Other Movements in Reserves GBP	Closing Balance 31.12.2019 GBP
1. General Fund	11,212,245	2,872,070	-	14,084,315
2. Working Capital Fund	1,805,091	(364,804)	-	1,440,287
3. Trading Fund	10,695,319	(480,454)	-	10,214,865
4. Termination Benefit Fund	(32,530,195)	(1,643,755)	(1,286,918)	(35,460,868)
5. HQ Capital Fund	2,661,732	(110,751)	-	2,550,981
6. Training and Development Fund	234,752	35,429	-	270,181
7. Technical Cooperation Fund	9,118,727	2,509,982	-	11,628,709
<b>8. Bilateral Operations and Multi-Donor Trust Funds<sup>7</sup>:</b>				
Delivering Strategy and Reform – Voyage Together	3,813,135	106,979	-	3,920,114
Government of Norway	815,611	2,424,426	-	3,240,037
Model Courses Development Trust Fund	1,507,182	93,581	-	1,600,763
International Maritime Security Trust (IMST) Fund	1,458,254	(499,359)	-	958,895
Djibouti Code of Conduct Trust Fund	1,096,610	(264,742)	-	831,868
GESAMP Trust Fund	796,699	(98,359)	-	698,340
Government of China	566,241	125,760	-	692,001
Junior Professional Officers	397,733	283,221	-	680,954
Republic of Korea	429,843	215,512	-	645,355
United Nations Development Programme	263,911	376,066	-	639,977
Research and Development Fund	292,440	267,176	-	559,616
Norwegian Agency for Development Corporation	574,678	(52,499)	-	522,179
Other Bilateral Operations and Multi-Donor Trust Funds <sup>8</sup>	3,779,080	(1,950,362)	-	1,828,718
<b>Total</b>	<b>18,989,088</b>	<b>3,845,117</b>	<b>(1,286,918)</b>	<b>21,547,287</b>

Consolidated	Opening Balance 01.01.2019 GBP	Operating Surplus (Deficit) for the Period GBP	Other Movements in Reserves GBP	Closing Balance 31.12.2019 GBP
<b>Total</b>	<b>31,649,352</b>	<b>5,794,898</b>	<b>(2,171,905)</b>	<b>35,272,345</b>

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

<sup>7</sup> All funds and bilateral agreements with a closing balances in excess of £500,000 are disclosed separately, with other funds being aggregated under 'Other Bilateral Operations and Multi-Donor Trust Funds'.

<sup>8</sup> Governments of Australia, Belgium, Canada, Egypt, Germany, Ghana, Philippines, Italy, Japan, Malaysia, Malta, Netherlands, Nigeria, Oman, Saudi Arabia, United Arab Emirates, United Kingdom, United States of America, European Commission, Food and Agriculture Organization, International Transport Workers Federation, Pew Charitable Trust, Union of Greek Ship-owners, United Nations Development Programme (UNDP), United Nations Environment Programme (UNEP), BallastWater TV Documentary, Goal-Based Standards (GBS) Trust Fund, IMO Conference on FVS and IUU Fishing, IMO London Convention/Protocol TC Trust Fund, IMO Malacca and Singapore Straits Trust Fund, IMO West and central Africa Maritime Security Trust Fund, IMO/REMPEC Trust Fund, Tsunami Relief Fund, IMO-GloBallast Global Industry Alliance (GIA) Fund, IMO-GloMEEP Global Industry Alliance (GIA) Fund, Implementation of the revised STCW Convention and Code, International Search and Rescue (SAR) Trust Fund, International Ship Recycling Trust Fund, Junior Professional Officer, Marine Pollution Response Trust Fund, Seminars and Workshops Fund.

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

150 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.

151 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.

152 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.

153 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.

154 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.

155 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 at 1 January 2002 for organizational strengthening initiatives.

156 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

157 Total assessed contribution for 2019 amounted to £33,242,000 (2018: £31,872,098) 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		Amount GBP	% of total assessment
1	Panama	4,983,739	14.99
2	Marshall Islands	3,400,138	10.23
3	Liberia	3,380,656	10.17
4	Singapore	1,976,256	5.94
5	Malta	1,702,610	5.12
6	China	1,437,326	4.32
7	Bahamas	1,373,904	4.13
8	United Kingdom	1,359,332	4.09
9	Greece	960,359	2.89
10	United States of America	905,702	2.72
<b>Total</b>		<b>21,480,022</b>	<b>64.60</b>

### Note 3.2: Donor Voluntary Contributions

158 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.

159 Revenue from donor contribution for the reporting period amounted to £11,441,314 (2018:£9,521,425) and the Organization's ten largest contributors for 2019 are shown below:

IMO		Amount GBP	% of total donor revenue
1	Government of Norway	3,121,836	27
2	Government of the Republic of Korea	2,226,440	19
3	European Commission	1,497,388	13
4	United Nations Development Programme (UNDP)	1,203,916	11
5	United Nations Environment Programme (UNEP)	829,820	7
6	Government of China	471,299	4
7	Government of Japan	404,133	4
8	Government of United Kingdom	299,500	3
9	Government of United States of America	269,100	2
10	Government of Germany	212,480	2
<b>Total</b>		<b>10,535,912</b>	<b>92</b>



160 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.

161 The consolidated group's ten largest contributors to donor revenue in 2019 are shown below:

Consolidated	Amount GBP	% of total donor revenue
1 Government of Norway	3,121,836	17
2 European Commission	2,843,174	16
3 Government of the Republic of Korea	2,419,544	13
4 Government of Sweden	2,377,200	13
5 Nippon Foundation	1,982,947	11
6 United Nations Development Programme (UNDP)	1,203,916	7
7 United Nations Environment Programme (UNEP)	829,820	5
8 Government of China	471,299	3
9 Government of Japan	458,733	3
10 Government of Germany	354,001	2
<b>Total</b>	<b>16,062,470</b>	<b>90</b>

### Note 3.3: Commercial Activities

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

	IMO		Consolidated	
	2019 GBP	2018 GBP	2019 GBP	2018 GBP
Publication Sales	13,198,085	13,908,759	13,198,085	13,908,157
Cafeteria Sales	1,264,755	922,428	1,264,755	922,428
Assessment fees	173,251	649,705	173,251	649,705
Letting of conference facilities and other commercial revenue	489,480	518,229	1,951,348	1,561,394
<b>Total</b>	<b>15,125,571</b>	<b>15,999,121</b>	<b>16,587,439</b>	<b>17,041,684</b>

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

	2019 GBP	2018 GBP
Sale of physical publications	10,708,806	11,671,858
Electronic publications	1,176,173	1,047,353
Royalties	910,776	808,055
Subscriptions	184,984	176,953
Model Courses	114,403	106,189
Other publications	102,943	98,351
<b>Total publication sales</b>	<b>13,198,085</b>	<b>13,908,759</b>

164 The decrease in the Publication Sales revenue in 2019 was due to fewer editions of the best seller publications were released in the first three quarters of 2019 compared to 2018. Despite the comparison, 2019 was the second-best year in the history of IMO Publishing. Sales of the bestsellers published in the fourth quarter of 2018 enabled strong net sales at the start of the year. The fourth quarter of 2019 had three new editions of the bestsellers published (Ships' Routeing, IMSBC Code & Supplement and GMDSS Manual)

**Note 3.4: Fellowships**

165 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 £5,777,277 for 2019 (2018: £5,824,177). The five largest aggregate contributors are listed below:

		Consolidated 2019 GBP	% of total fellowship revenue
1	The Nippon Foundation	1,740,443	30
2	Government of Norway	488,817	9
3	International Transport Workers' Federation (ITF)	360,091	6
4	Government of Nigeria	249,648	4
5	Government of South Africa	223,356	4
<b>Total</b>		<b>3,062,355</b>	<b>53</b>

**Note 3.5: Other Revenue**

166 The most significant sources of other revenue are set out below

	IMO		Consolidated	
	2019 GBP	2018 GBP	2019 GBP	2018 GBP
Interest earned on investment of funds	652,871	440,201	987,241	702,626
Other revenue	39,948	26,580	440,265	295,805
<b>Total</b>	<b>692,819</b>	<b>466,781</b>	<b>1,427,506</b>	<b>998,431</b>

**NOTE 4: EXPENSES**

	IMO		Consolidated	
	2019	2018	2019	2018
	GBP	GBP	GBP	GBP
<b>4.1: Staff and other personnel costs</b>				
Professional and general service staff, experts	28,332,161	27,573,939	35,653,814	34,043,109
Appointment and separation	3,426,662	3,125,711	3,622,103	3,380,227
Termination benefit	63,040	246,474	63,040	246,474
Consultants	1,695,604	1,433,399	2,432,006	1,979,981
Temporary assistance	1,887,135	1,444,457	1,901,483	1,444,457
Meetings personnel (interpreters, translators, temporary employees)	875,037	868,265	875,037	868,265
<b>Total staff and other personnel costs</b>	<b>36,279,639</b>	<b>34,692,245</b>	<b>44,547,483</b>	<b>41,962,513</b>
<b>4.2: Travel expenses</b>				
Fares	1,196,305	946,221	1,703,966	1,369,920
Daily Subsistence Allowance and other expenses	1,173,257	935,572	1,486,257	1,185,946
<b>Total travel expenses</b>	<b>2,369,562</b>	<b>1,881,793</b>	<b>3,190,223</b>	<b>2,555,866</b>
<b>4.3: Supplies, consumables and other running costs</b>				
Office supplies and consumables	102,042	81,449	151,938	117,523
Telecommunications and information technology	1,236,321	1,073,917	1,460,635	1,288,875
Rent, rates and insurance	1,423,848	1,163,674	1,470,581	1,206,393
Utilities	663,831	599,488	712,944	651,304
Medical costs	30,712	14,550	30,712	14,550
Library books, magazines, subscriptions	50,158	31,303	269,639	228,654
Hospitality	59,103	58,245	196,425	189,012
Vehicle, local transport and hotel accommodation	25,988	27,091	40,326	43,233
Postage, telephone and freight	481,047	428,610	558,989	496,092
Equipment, furniture and local procurement	247,169	1,098,943	315,942	1,143,155
Building maintenance	1,131,755	1,148,119	1,147,135	1,156,812
Other operational costs	-	-	291,091	282,333
<b>Total supplies, consumables and other running costs</b>	<b>5,451,974</b>	<b>5,725,389</b>	<b>6,646,357</b>	<b>6,817,936</b>
<b>4.4: Costs related to trading activities</b>				
Cost of Sales IMO Publications	960,608	908,735	960,608	908,735
Cost of Sales Model courses	15,672	14,827	15,672	14,827
Loss on Physical Inventory	(3,081)	(1,157)	(3,081)	(1,157)
Publications issued free of charge	9,008	13,974	9,008	13,975
Provision for return of obsolete publications	80,136	131,805	80,136	131,805
Printing (contract - out)	116,674	59,209	150,500	59,209
Electronic publishing (IMO/Vega)	150,500	169,770	689,872	169,770
Catering food and supplies	689,872	567,798	116,674	567,798
Public relations articles held by WMU	-	-	10,376	8,672
<b>Total costs related to trading activities</b>	<b>2,019,389</b>	<b>1,864,961</b>	<b>2,029,765</b>	<b>1,873,634</b>

	IMO		Consolidated	
	2019 GBP	2018 GBP	2019 GBP	2018 GBP
<b>4.5: Outsourced services</b>				
Security services	434,630	568,304	474,315	628,923
Cleaning services	438,710	459,629	595,872	598,052
Telecommunications/IT related services	-	-	42,629	50,644
Catering services	-	-	109,753	108,590
Leases	45,342	47,139	45,342	47,139
Sub-contract delivery of Technical Cooperation activities	1,701,444	43,888	1,701,444	43,887
<b>Total outsourced services</b>	<b>2,620,126</b>	<b>1,118,960</b>	<b>2,969,355</b>	<b>1,477,235</b>
<b>4.6: Training and development</b>				
Staff training	98,702	131,351	147,239	164,725
Fellowships	1,062,669	1,151,787	2,677,378	2,289,728
Group training including participant travel	3,535,637	2,802,595	3,481,686	2,802,595
Student costs (WMU and IMLI)	-	-	322,714	243,086
<b>Total training and development</b>	<b>4,697,008</b>	<b>4,085,733</b>	<b>6,629,017</b>	<b>5,500,134</b>
<b>4.7: Depreciation, amortization and impairment</b>				
Impairment investment	-	-	-	103,356
Depreciation of property, plant and equipment	615,983	514,099	746,070	652,241
Transfer of Completed AUC(PPE)	-	135,302	-	135,302
(Gain) loss on disposal of property, plant and equipment		(62,868)	74	(62,868)
Amortization of intangible assets	328,825	436,454	350,086	436,826
Impairment of IMO publications	85,275	22,563	85,275	22,563
<b>Total depreciation, amortization and impairment</b>	<b>1,030,083</b>	<b>1,045,550</b>	<b>1,181,505</b>	<b>1,287,420</b>
<b>4.8: Return of unspent funds</b>	<b>291,757</b>	<b>125,583</b>	<b>291,757</b>	<b>125,583</b>
<b>4.9: Other expenses</b>				
Jointly financed UN bodies	102,640	131,843	102,640	131,843
Grants	-	289,560	-	-
Bank charges	228,812	214,081	251,734	245,353
External audit	60,000	52,904	95,288	90,176
Other miscellaneous expenses	475,527	334,197	618,690	421,764
<b>Total other expenses</b>	<b>866,979</b>	<b>1,022,585</b>	<b>1,068,352</b>	<b>889,136</b>
<b>4.10: Currency exchange gain(loss)</b>	<b>(1,030,070)</b>	<b>1,128,278</b>	<b>(680,864)</b>	<b>2,246,155</b>
<b>Total expenses and currency exchange gain(loss)</b>	<b>54,596,447</b>	<b>52,691,077</b>	<b>67,872,950</b>	<b>64,735,612</b>

167 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.

168 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.

169 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 (2018: £1,195,751)

170 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.

171 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.

172 Training and development includes 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.

173 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

174 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.

175 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.

176 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.

177 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.

178 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.

179 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.

180 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 2019 is shown below. Budget amounts have been presented on a functional classification basis in accordance with the approved budget for 2019, which presents a breakdown of the budget for purposes of the above comparison. The amount of surplus of £5,281,806 for 2019 shown in Statement Va (IMO only) has been reconciled to the net increase in cash and cash equivalents of £4,410,204 presented in Statement IV (IMO 2019), 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 – other movements in net assets of £1,286,918 and the effect of exchange rate changes on cash and cash equivalents of £1,370,269.

		Adjustments pertaining to cash flows from:			
		Operating activities	Investing activities	Financing activities	Total
IMO		GBP	GBP	GBP	GBP
<b>Actual amounts on a comparable basis as presented in the Budget and Actual comparative Statement</b>	<b>A</b>	<b>5,281,806</b>	-	-	<b>5,281,806</b>
Basis differences	(a)	(1,777,338)	(536,894)	(145,821)	(2,460,053)
Entity differences	(b)	825,986	(26,114)	-	799,872
Presentation differences	(c)	788,579	-	-	788,579
<b>Total Differences</b>	<b>B=a+b+c</b>	<b>(162,773)</b>	<b>(563,008)</b>	<b>(145,821)</b>	<b>(871,602)</b>
<b>Actual amounts in the Statement of Cash Flows</b>	<b>C=A+B</b>	<b>5,119,033</b>	<b>(563,008)</b>	<b>(145,821)</b>	<b>4,410,204</b>

181 The reconciliation of the amount of surplus of £6,496,470 shown in Statement Vb (Consolidated 2019 including WMU and IMLI) has also been made to the net increase in cash and cash equivalents of £4,505,801 indicated in Statement IV (Consolidated 2019), as shown in the table below.

		Adjustments pertaining to cash flows from:			
		Operating activities	Investing activities	Financing activities	Total
Consolidated		GBP	GBP	GBP	GBP
<b>Actual amounts on a comparable basis as presented in the Budget and Actual comparative Statement</b>	<b>A</b>	<b>6,496,470</b>	-	-	<b>6,496,470</b>
Basis differences	(a)	(1,777,338)	(536,894)	(145,821)	(2,460,053)
Entity differences	(b)	(187,891)	(131,304)	-	(319,195)
Presentation differences	(c)	788,579	-	-	788,579
<b>Total Differences</b>	<b>B=a+b+c</b>	<b>(1,176,650)</b>	<b>(668,198)</b>	<b>(145,821)</b>	<b>(1,990,669)</b>
<b>Actual amounts in the Statement of Cash Flows</b>	<b>C=A+B</b>	<b>5,319,820</b>	<b>(668,198)</b>	<b>(145,821)</b>	<b>4,505,801</b>

**NOTE 6: SEGMENT REPORTING****Note 6.1: Segmental Statements of Financial Position as at 31 December 2019****Note 6.1.1: Statement of Financial Position by Segment – IMO  
(GBP)**

	Core Programme Management	Trading and Business Activities	Technical Cooperation Activities and Trust Fund	Elimination	Grand Total
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	31,134,953	9,560,364	33,085,750	-	73,781,067
Contributions receivable	192,873	-	551,292	-	744,165
Inventories	-	1,061,365	-	-	1,061,365
Advances to sub-contractors	(1,692)	-	892,195	-	890,503
Inter-segment sums receivable	846,670	142,478	402,529	(1,391,677)	-
Other receivables – exchange transactions	1,782,706	341,265	188,317	-	2,312,288
Other receivables – non-exchange transactions	-	-	-	-	-
<b>Total Current Assets</b>	<b>33,955,510</b>	<b>11,105,472</b>	<b>35,120,083</b>	<b>(1,391,677)</b>	<b>78,789,388</b>
<b>Non-current assets</b>					
Property, plant and equipment	1,513,433	40,247	36,298	-	1,589,978
Intangible assets	111,836	-	365	-	112,201
<b>Total non-current assets</b>	<b>1,625,269</b>	<b>40,247</b>	<b>36,663</b>	<b>-</b>	<b>1,702,179</b>
<b>TOTAL ASSETS</b>	<b>35,580,779</b>	<b>11,145,719</b>	<b>35,156,746</b>	<b>(1,391,677)</b>	<b>80,491,567</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Payables and accruals – exchange transactions	940,424	405,634	1,798,365	-	3,144,423
Payables and accruals – non-exchange transactions	1,999,629	-	4,346,921	-	6,346,550
Provisions for warranties	-	82,852	-	-	82,852
Inter-segment sums payable	418,705	437,718	535,254	(1,391,677)	-
Employee benefits	263,948	4,650	28,680	-	297,278
Finance lease liabilities	151,713	-	-	-	151,713
<b>Total current liabilities</b>	<b>3,774,419</b>	<b>930,854</b>	<b>6,709,220</b>	<b>(1,391,677)</b>	<b>10,022,816</b>
<b>Non-current liabilities</b>					
Employee benefits	48,819,639	-	-	-	48,819,639
Finance lease liabilities	101,825	-	-	-	101,825
<b>Total non-current liabilities</b>	<b>48,921,464</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>48,921,464</b>
<b>TOTAL LIABILITIES</b>	<b>52,695,883</b>	<b>930,854</b>	<b>6,709,220</b>	<b>(1,391,677)</b>	<b>58,944,280</b>
<b>NET ASSETS</b>	<b>(17,115,104)</b>	<b>10,214,865</b>	<b>28,447,526</b>	<b>-</b>	<b>21,547,287</b>
<b>FUND BALANCES AND RESERVES</b>					
Fund balances and reserves	(17,903,293)	10,695,319	24,910,144	-	17,702,170
Surplus/(Deficit) for the year	788,189	(480,454)	3,537,382	-	3,845,117
<b>TOTAL FUND BALANCES AND RESERVES</b>	<b>(17,115,104)</b>	<b>10,214,865</b>	<b>28,447,526</b>	<b>-</b>	<b>21,547,287</b>



## 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
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents	31,134,953	9,560,364	33,085,750	18,249,665	-	92,030,732
Contributions receivable	192,873	-	551,292	13,118	-	757,283
Inventories	-	1,061,365	-	55,168	(26,606)	1,089,927
Advances to sub-contractors	(1,692)	-	892,195	-	-	890,503
Inter-segment sums receivable	846,670	142,478	402,529	-	(1,391,677)	-
Other receivables – exchange transactions	1,782,706	341,265	188,317	951,302	-	3,263,590
Other receivables – non-exchange transactions	-	-	-	13,467	-	13,467
<b>Total current assets</b>	<b>33,955,510</b>	<b>11,105,472</b>	<b>35,120,083</b>	<b>19,282,720</b>	<b>(1,418,283)</b>	<b>98,045,502</b>
<b>Non-current assets</b>						
Investment	-	-	-	2,136,706	-	2,136,706
Property, plant and equipment	1,513,433	40,247	36,298	218,943	-	1,808,921
Intangible assets	111,836	-	365	104,116	-	216,317
<b>Total non-current assets</b>	<b>1,625,269</b>	<b>40,247</b>	<b>36,663</b>	<b>2,459,765</b>	<b>-</b>	<b>4,161,944</b>
<b>TOTAL ASSETS</b>	<b>35,580,779</b>	<b>11,145,719</b>	<b>35,156,746</b>	<b>21,742,485</b>	<b>(1,418,283)</b>	<b>102,207,446</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Payables and accruals – exchange transactions	940,424	405,634	1,798,365	428,680	-	3,573,103
Payables and accruals – non-exchange transactions	1,999,629	-	4,346,921	6,869,456	(543,248)	12,672,758
Provisions for warranties	-	82,852	-	-	-	82,852
Inter-segment sums payable	418,705	437,718	535,254	-	(1,391,677)	-
Employee benefits	263,948	4,650	28,680	28,230	-	325,508
Finance lease liabilities	151,713	-	-	-	-	151,713
<b>Total current liabilities</b>	<b>3,774,419</b>	<b>930,854</b>	<b>6,709,220</b>	<b>7,326,366</b>	<b>(1,934,925)</b>	<b>16,805,934</b>
<b>Non-current liabilities</b>						
Employee benefits	48,819,639	-	-	1,207,703	-	50,027,342
Finance lease liabilities	101,825	-	-	-	-	101,825
<b>Total non-current liabilities</b>	<b>48,921,464</b>	<b>-</b>	<b>-</b>	<b>1,207,703</b>	<b>-</b>	<b>50,129,167</b>
<b>TOTAL LIABILITIES</b>	<b>52,695,883</b>	<b>930,854</b>	<b>6,709,220</b>	<b>8,534,069</b>	<b>(1,934,925)</b>	<b>66,935,101</b>
<b>NET ASSETS</b>	<b>(17,115,104)</b>	<b>10,214,865</b>	<b>28,447,526</b>	<b>13,208,416</b>	<b>516,642</b>	<b>35,272,345</b>
<b>FUND BALANCES AND RESERVES</b>						
Fund balances and reserves	(17,903,293)	10,695,319	24,910,144	10,882,460	892,817	29,477,447
Surplus/(deficit) for the year	788,189	(480,454)	3,537,382	2,325,956	(376,175)	5,794,898
<b>TOTAL FUND BALANCES AND RESERVES</b>	<b>(17,115,104)</b>	<b>10,214,865</b>	<b>28,447,526</b>	<b>13,208,416</b>	<b>516,642</b>	<b>35,272,345</b>

## Note 6.2: Segmental Statements of Financial Performance for the year ended 31 December 2019

### Note 6.2.1: Statement of Financial Performance by Segment – IMO (GBP)

	Core Programme Management	Trading and Business Activities	Technical Cooperation Activities and Trust Fund	Elimination	Grand Total
<b>Revenue</b>					
Assessed contributions	33,242,000	-	-	-	33,242,000
Donor voluntary contributions	-	-	11,441,314	-	11,441,314
Commercial activities	482,480	14,342,632	300,459	-	15,125,571
Other revenue	278,793	73,384	340,642	-	692,819
Support costs earned	1,658,846	-	-	(1,658,846)	-
Inter-segment transfers	3,585,512	-	7,088,017	(10,673,529)	-
<b>TOTAL REVENUE</b>	<b>39,247,631</b>	<b>14,416,016</b>	<b>19,170,432</b>	<b>(12,332,375)</b>	<b>60,501,704</b>
<b>Expenses</b>					
Staff and other personnel costs	29,636,483	2,002,762	4,640,394	-	36,279,639
Travel expenses	541,515	86,315	1,741,732	-	2,369,562
Supplies, consumables and other running costs	4,432,489	866,501	152,984	-	5,451,974
Cost related to trading activities	80	2,019,309	-	-	2,019,389
Outsourced services	734,390	184,291	1,701,445	-	2,620,126
Training and development	98,702	-	4,598,306	-	4,697,008
Support costs charged	-	712,801	946,045	(1,658,846)	-
Depreciation, amortisation and impairment	903,369	97,167	29,547	-	1,030,083
Return of unspent funds	-	-	291,757	-	291,757
Other expenses	262,892	161,632	442,455	-	866,979
Inter-segment transfers	1,476,329	8,788,000	409,200	(10,673,529)	-
<b>TOTAL EXPENSES</b>	<b>38,086,249</b>	<b>14,918,778</b>	<b>14,953,865</b>	<b>(12,332,375)</b>	<b>55,626,517</b>
Currency exchange gain/(loss)	(373,193)	22,308	(679,185)	-	(1,030,070)
<b>SURPLUS (DEFICIT) FOR THE YEAR</b>	<b>788,189</b>	<b>(480,454)</b>	<b>3,537,382</b>	<b>-</b>	<b>3,845,117</b>

**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
<b>Revenue</b>						
Assessed contributions	33,242,000	-	-	-	-	33,242,000
Donor voluntary contributions	-	-	11,441,314	6,554,040	-	17,995,354
Commercial activities	482,480	14,342,632	300,459	1,537,912	(76,044)	16,587,439
Fellowships	-	-	-	6,761,159	(983,882)	5,777,277
Other revenue	278,793	73,384	340,642	765,206	(30,519)	1,427,506
Support costs earned	1,658,846	-	-	-	(1,658,846)	-
Inter-segment transfers	3,585,512	-	7,088,017	-	(10,673,529)	-
<b>TOTAL REVENUE</b>	<b>39,247,631</b>	<b>14,416,016</b>	<b>19,170,432</b>	<b>15,618,317</b>	<b>(13,422,820)</b>	<b>75,029,576</b>
<b>Expenses</b>						
Staff and other personnel costs	29,636,483	2,002,762	4,640,394	8,290,358	(22,514)	44,547,483
Travel expenses	541,515	86,315	1,741,732	820,661	-	3,190,223
Supplies, consumables and other running costs	4,432,489	866,501	152,984	1,187,880	6,503	6,646,357
Costs related to trading activities	80	2,019,309	-	10,376	-	2,029,765
Outsourced services	734,390	184,291	1,701,445	349,229	-	2,969,355
Training and development	98,702	-	4,598,306	2,587,744	(655,735)	6,629,017
Support costs charged	-	712,801	946,045	-	(1,658,846)	-
Depreciation, amortization and impairment	903,369	97,167	29,547	151,422	-	1,181,505
Return of unspent funds	-	-	291,757	-	-	291,757
Other expenses	262,892	161,632	442,455	228,015	(26,642)	1,068,352
Inter-segment transfers	1,476,329	8,788,000	409,200	-	(10,673,529)	-
<b>TOTAL EXPENSES</b>	<b>38,086,249</b>	<b>14,918,778</b>	<b>14,953,865</b>	<b>13,625,685</b>	<b>(13,030,763)</b>	<b>68,553,814</b>
Currency exchange gain/(loss)	(373,193)	22,308	(679,185)	333,324	15,882	(680,864)
<b>SURPLUS/(DEFECIT)FOR THE YEAR</b>	<b>788,189</b>	<b>(480,454)</b>	<b>3,537,382</b>	<b>2,325,956</b>	<b>(376,175)</b>	<b>5,794,898</b>

182 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 £8,788,000 of which £6,678,880 was to the Technical Cooperation Fund and £2,109,120 was to the Core Programme. In addition, there are support costs totalling £946,045 charged on extra-budgetary activities and £712,801 charged to the Trading Activities to reimburse costs incurred by the Core Programme.

183 In the consolidated notes, revenue totalling £733,457 (2018:£211,508) and expenditure totalling £441,878 (2018:£960,950) between IMO and WMU, and revenue totalling £356,987 (2018:£395,599) and expenditure totalling £272,392 (2018:£400,503) 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 £376,175 (2018: surplus £754,346). Further information on the nature of these transactions are provided in Note 9.2.

184 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

185 As at 31 December 2019, IMO had commitments for goods and services including consultancy contracted but not delivered as follows:

	2019 GBP	2018 GBP
Purchase of services including consultancy	2,307,826	1,419,059

186 The actual discharge of the 2018 commitments in 2019 is £647,947, the breakdown of which is shown below:

	2018 Commitments GBP	2019 discharge GBP
Regular budget strategic results	87,663	86,101
Trading activities	10,100	-
Headquarters capital	395,659	312,061
Training and development	2,280	-
Termination benefit	-	-
Technical cooperation (TC Fund)	443,880	202,301
<b>Sub-total</b>	<b>939,582</b>	<b>600,463</b>
Technical cooperation (Donor Funds)	479,475	47,484
<b>Total</b>	<b>1,419,057</b>	<b>647,947</b>

187 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

188 As at 31 December 2019, 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.

189 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 SCA and PCA accounts of \$84,080 and \$763,024 respectively, as at 31 December 2018, between IMO and UNDP.

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

190 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 2019, there were no ex-gratia payments.

191 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 2019, irrecoverable receivables resulted in write-offs to the amount of £2,599. for IMO and for the

consolidated group £3,417. In addition, write-offs as a result of the loss or obsolescence of inventory totalled £83,919 for IMO and for the consolidated group (2018: £22,563).

192 During 2019, IMO had one case of reported fraud or presumptive fraud. The investigation of this case has been concluded by the Internal Oversight and Ethics Office and reported to the Secretary-General for disciplinary action. Administrative machinery has been established to advise the Secretary-General on disciplinary measures in accordance with Staff Regulation 10.1, the outcome of which is yet to be concluded.

## 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 2019	Outstanding Loans and Advances against entitlements 31.12.2019
	GBP	GBP	GBP	GBP	GBP
<b>IMO</b>					
8	1,208,456	227,052	297,455	1,732,963	-
<b>Consolidated</b>					
10	1,738,790	343,288	319,309	2,401,387	-

193 Key management personnel of IMO are the Secretary-General and the seven Divisional Directors. Key management personnel of the consolidated group are the key management personnel of IMO in addition to 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 31 December 2019, a Senior Deputy Director was covering the post of one of the Divisional Director who was on leave of absence, as such the total staff cost for one year was included in the total remuneration for 2019, as well as in number of individuals (full time equivalent).

194 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

195 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 and WMU are participants of UNJSPF.

### Note 9.2: Related Parties

196 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.

197 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. At 31 December 2019, 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.

198 During 2019, IMO provided £441,878 (2018:£ 639,413) and £278,274 (2018: £395,599) 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. Current liabilities of WMU towards IMO totalling £630,771 (2018: £119,678) and IMLI towards IMO of £353,112 (2018: £308,826), in respect of deferred fellowship revenue, have also been eliminated.

## NOTE 10: OTHER CHANGES IN NET ASSETS

199 In addition to the actuarial losses of £1,286,918 reported in Note 2.11, 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 2019 closing rate which differs from the 2018 closing rate, and such changes are presented as a separate component of net assets/equity in accordance with IPSAS 4.

	WMU GBP	IMLI GBP	Total GBP
<b>Opening balance at 31.12.2019 exchange rate</b>	8,122,550	2,759,913	<b>10,882,463</b>
<b>Opening balance at 01.01.2019 exchange rate</b>	8,815,044	2,952,406	<b>11,767,450</b>
	<b>(692,494)</b>	<b>(192,493)</b>	<b>(884,987)</b>

## NOTE 11: EVENTS AFTER REPORTING DATE

200 IMO's reporting date is 31 December 2019. 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)

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Actuary	Barnett Waddingham LLP	Cheapside House 138 Cheapside London EC2V 6BW
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External Auditor	Auditor General of Ghana	The Auditor General Ministry Block O P.O. Box M 96 Accra Ghana