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Consideration of administrative and budgetary matters of the International Tribunal for the Law of the Sea: report of the external auditor for the financial period 2025

Report of the external auditor for the financial period 2025, with financial statements of the International Tribunal for the Law of the Sea as at 31 December 2025

(Presented by the Tribunal)

1. The Audit Board of the Republic of Indonesia (hereinafter “the Auditor”) audited the financial statements of the International Tribunal for the Law of the Sea for the financial period from 1 January to 31 December 2025 in October 2025 and in January and February 2026 and submitted its report on 25 February 2026 (see annex). An audit of certain aspects of the Tribunal’s operational procedures was also undertaken by the Auditor, as indicated in the letter of appointment of 28 August 2024, signed by the Registrar of the Tribunal and the letter of engagement of 10 November 2025.
2. It is noted from the report that the Auditor was of the view that the accompanying financial statements present fairly, in all material respects, the financial position as at 31 December 2025, and financial performance and cash flow for the year then ended of the International Tribunal for the Law of the Sea in accordance with International Public Sector Accounting Standards (IPSAS).
3. In accordance with regulation 12.8 of the Financial Regulations and Rules of the International Tribunal for the Law of the Sea, the Tribunal examined the financial statements and the audit report for the financial period 2025 in March 2026, during its sixty-first session.

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Letters of transmittal**Letter dated 5 February 2026 from the Registrar addressed to the Chair of the Audit Board of the Republic of Indonesia**

In accordance with regulation 12.1 of the Financial Regulations and Rules of ITLOS, I have the honour to submit herewith the financial statements of ITLOS, for the year ended 31 December 2025, which I hereby approve.

We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

(Signed) Ximena **Hinrichs**

(Registrar)

Letter dated 25 February 2026 from the Chair of the Audit Board of the Republic of Indonesia addressed to the President of the Tribunal

Number: 13/B/S/KETUA/POI.01/02/2026

President of the Tribunal
International Tribunal for the Law of the Sea
Am Internationalen Seegerichtshof 1,
22609 Hamburg, Germany

Dear President,

In accordance with regulation 12.7 of the Financial Regulations and Rules of the International Tribunal for the Law of the Sea, I have the honor of presenting the Audit Board of the Republic of Indonesia's (*Badan Pemeriksa Keuangan/BPK*) report to you.

This report comprises the External Auditor's Opinion and the External Auditor's Long-Form Report on the Audited Financial Statements of ITLOS for the year ended 31 December 2025, prepared by the Registrar.

Yours sincerely,

Dr. Isma Yatun, CSFA., CFrA
Chair of the Audit Board of the Republic of Indonesia
External Auditor

Jakarta, Indonesia
25 February 2026

I. Report of the external auditor on the financial statements: audit opinion

To the President of the International Tribunal for the Law of the Sea

Opinion

We have audited the financial statements of the International Tribunal for the Law of the Sea (ITLOS), which comprise the statement of financial position as at 31 December 2025; and the statement of financial performance, the statement of changes in net assets, the statement of cash flows, and the statement of comparison of budget and actual amounts for the year then ended; and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position as at 31 December 2025, and financial performance and cash flows for the year then ended of ITLOS in accordance with International Public Sector Accounting Standards (IPSAS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of ITLOS, in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Emphasis of matter

We draw attention to Note 3 to the financial statements, which discloses that the financial statements for the year ended 31 December 2024 have been restated to affect the consolidation of trust funds. Our opinion is not modified in respect of this matter.

Other matter

The financial statements of ITLOS for the year ended 31 December 2024, were audited by BDO AG *Wirtschaftsprüfungsgesellschaft*, who expressed an unmodified audit opinion on those statements on 28 February 2025.

Other information

Management is responsible for the other information, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS, and for such internal control as management

determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the ITLOS's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the ITLOS or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing ITLOS's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists.

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

A further description of our responsibilities for the audit of the financial statements is included in Annex of the auditor's report. This description is part of our auditor's report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Furthermore, in our opinion, the transactions of ITLOS 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 Financial Regulations and Rules of ITLOS.

In accordance with regulation 12.7 of the Financial Regulations and Rules of ITLOS, we have also issued a long-form report on our audit of ITLOS.

Dr. Isma Yatun, CSFA., CFrA
Chair of the Audit Board of the Republic of Indonesia
External Auditor

Jakarta, Indonesia
25 February 2026

Annex. Description of auditor's responsibilities for the audit of the financial statements

As part of an audit in accordance with the ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ITLOS's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going-concern basis of accounting and, on the basis of the audit evidence obtained, whether a material uncertainty exists in relation to events or conditions that may cast significant doubt on the ability of ITLOS to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause ITLOS to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

II. Long-form report of the external auditor

Summary

In 2025, the International Tribunal for the Law of the Sea (ITLOS) managed substantial financial resources critical to its global mission. During the year, ITLOS generated revenue of 20.12 million euros and recognized expenses of 16.33 million euros, while holding assets of 51.19 million euros and liabilities of 65.54 million euros.

An independent audit is essential for the accountability of ITLOS in light of its pertinent role in the law of the sea justice system in accordance with the 1982 United Nations Convention on the Law of the Sea. The Audit Board of the Republic of Indonesia (*Badan Pemeriksa Keuangan/BPK*) presents this report following a comprehensive audit of ITLOS's financial statements for the year ended 31 December 2025. Our audit was conducted in accordance with International Standards on Auditing (ISA) and International Standards of Supreme Audit Institutions (ISSAI).

Audit objectives

The financial audit was conducted primarily to enable BPK to form an opinion as to whether the financial statements of ITLOS for the year ended 31 December 2025, present fairly, in all material respects, in accordance with the International Public Sector Accounting Standards (IPSAS). This included an assessment to test whether the transactions were, in all significant respects, in accordance with the Financial Regulations and Rules of ITLOS. Furthermore, the financial audit was conducted to determine whether the cash surplus for the financial period has been established in accordance with the Financial Regulations and Rules of ITLOS.

Audit opinion

BPK concluded that the financial statements present fairly, in all material respects, the financial position as at 31 December 2025, and its financial performance and cash flows for the year then ended of ITLOS in accordance with IPSAS.

Other matter

The financial statements of ITLOS for the year ended 31 December 2024, were audited by BDO AG *Wirtschaftsprüfungsgesellschaft*, who expressed an unmodified audit opinion on those statements on 28 February 2025.

Financial matters

BPK acknowledges that the financial statements fairly represent the organization's financial position in accordance with IPSAS and financial regulations. In the first year of its engagement, BPK reviewed the internal control and compliance with the regulation, with audit focus consists of cash and cash equivalents; property, plant and equipment; employee benefit liabilities; assessed contributions; employee salaries, allowances and benefits; and the audit of cash surplus for the financial period 2023 – 2024. The audit identified some areas requiring improvement in ITLOS accounting practices and financial management systems, including the need for development of a comprehensive accounting policy manual, impairment policy for receivables, review of property, plant, and equipment, accounting for land, recognition of website as intangible assets, and eligibility verification of judges' pension benefits.

Previous audit recommendations

In relation to the management of audit matters arising, BPK has noted that there are no recommendations from previous audit that requires to be addressed.

Key Facts	
13.37 million euros	Revenue for 2025 approved by state parties
13.37 million euros	Expense for 2025 approved by state parties
20.12 million euros	Total revenue
16.33 million euros	Total expenses
3.78 million euros	Operating surplus
14.35 million euros	Net assets
39	Staff and personnel (as of 31 December 2025)

A. Mandate, scope and methodology

1. The International Tribunal for the Law of the Sea (ITLOS) is an independent judicial body established by the 1982 United Nations Convention on the Law of the Sea (UNCLOS). It has jurisdiction over any dispute concerning the interpretation or application of the Convention, and over all matters specifically provided for in any other agreement which confers jurisdiction on the Tribunal.
2. Pursuant to Regulation 12.1 of the Financial Regulations and Rules of ITLOS, BPK conducted an audit of ITLOS for the period 1 January to 31 December 2025.
3. The financial audit was conducted primarily to enable BPK to form an opinion as to whether the financial statements of ITLOS for the year ended 31 December 2025, present fairly, in all material respects, in accordance with IPSAS. This included an assessment to test whether the transactions were, in all significant respects, in accordance with the Financial Regulations and Rules of ITLOS.
4. The financial audit of ITLOS for the year ended 31 December 2025 comprised an audit of the statement of financial position as at 31 December 2025; the statement of financial performance, the statement of changes in net assets, the statement of cash flows, and the statement of comparison of budget and actual amounts for the year then ended; and notes to the financial statements.
5. The audit was conducted in accordance with ISA. The Standards require that BPK comply with ethical requirements and plans and conduct the audit to obtain reasonable assurance that ITLOS's financial statements are free from material misstatement. In addition, relevant ISSAI provides audit principles, standards, and guidance for conducting our performance audit. Regarding regularity, the audit follows the financial regulations.
6. In line with ISA 315 – "*Identifying and Assessing the Risks of Material Misstatement*" (Revised 2019), BPK applies a risk-based approach in the financial audit to focus on areas with the highest risk of material misstatement. This standard addresses BPK's responsibility to identify and to assess risks through understanding ITLOS and its environment, including business processes and internal controls. BPK identified and assessed risks of material misstatement, both in the financial statement level and assertion level, which then served as the basis of the audit procedures.
7. BPK designed and implemented audit procedures to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement. It includes test of controls and substantive procedures, with a focus on areas with higher risks. BPK maintains the relevance of the audit procedures by continuously updating the risk assessment as new information is obtained.
8. BPK examined, updated, and reported on the status of external auditor's recommendations from previous year audits.

9. The purpose of this Audit Report is to communicate the audit results to the management and those charged with governance, as well as other stakeholders. Important audit findings or observations arising from the audit procedures performed were, after detailed discussions with the management responsible, conveyed through management letters. The more significant audit findings, appropriately aggregated, have been incorporated in this report, after due consideration of management's final responses and their action plans for the implementation of the audit recommendations.

10. In accordance with the requirements of ISA, BPK undertook preliminary procedures before commencing the initial audit engagement, including:

a. Preliminary understanding of ITLOS and its environment

BPK obtained an initial understanding of ITLOS's operations, industry, regulatory environment, and internal control systems to assist in identifying and assessing the risks of material misstatement.

b. Agreement on terms of engagement

A formal engagement letter outlining the scope, objectives, and responsibilities of BPK and the management was prepared and signed by BPK, with acknowledgment from the management, thereby establishing a mutual understanding of the audit engagement terms.

c. Assessment of independence and ethical compliance

A review was conducted to confirm the auditor's independence and compliance with relevant ethical requirements.

d. Preliminary analytical procedures

Initial analytical procedures were performed to assist in understanding the entity's financial condition and to identify areas that may represent specific risks, consistent with the guidance in the Standards.

B. Findings and recommendations

1. Follow-up on previous recommendations

11. BPK has noted that there are no recommendations from previous audits that requires to be addressed or updated.

2. Accounts and financial reporting

a. Financial overview

12. The financial position as of 31 December 2025, reflects a 5.29% decrease in total assets, reaching 51.19 million euros (2024: 54.05 million euros). This decline was primarily driven by decreases in investments and assessed contributions receivable which fell by 26.46% and 29.53%, respectively, compared to the prior year's balances.

13. As of 31 December 2025, there are also a notable 9.45% decrease in total liabilities of 65.54 million euros compared to 72.38 million euros in 2024. The decrease all derives from non-current liabilities, with primarily decline for the surrender of savings from prior years of 0.045 million euros in 2025 compared to 2.07 million euros in 2024.

14. The closing net assets position, presented in the statement of financial position, amounted to 14.35 million euros (18.34 million euros in 2024). In 2025, ITLOS experience a significant increase surplus for the period of 3.78 million euros compared to the deficit it experienced in 2024 of 2.97 million euros. The primary cause of the surplus is from the gain of exchange as the value of Euro strengthened against United States Dollar in 2025.

15. ITLOS demonstrated financial growth in 2025, with total revenue increasing by 26.34% to reach 20.12 million euros (2024: 15.92 million euros). ITLOS's revenue was primarily driven by the significant increase of gain on exchange of 2.77 million euros in 2025 compared to 0.07 million euros in 2024.

16. Total expenses decrease by 13.56% to 16.33 million euros (2024: 18.90 million euros). Employee salaries, allowances and benefits remains the largest expense category at 9.61 million euros (58.84% of total expenses), followed by depreciation and amortization at 3.19 million euros (19.54% of total expenses). In 2025, loss on exchange decrease significantly of 90.78% reaching 0.14 million euros compared to 1.53 million euros in 2024.

17. ITLOS's financial performance strengthened considerably in 2025, with the total surplus increase reaching 3.78 million euros (2.97 million euros deficit in 2024). This substantial growth can be attributed to the increasing gains on exchange from the revaluation of employee benefit liabilities and trust funds contributions.

18. BPK uses ratio analysis of ITLOS's financial health to show trends in financial position and performance. These ratios express the relationship between specific financial statement line items. For example, while the solvency ratio shows only 0.74 euros of total assets for every 1 euro of total liabilities, this position is considered manageable due to ITLOS's strong short-term liquidity. This is evidenced by the current ratio, where ITLOS holds 2.81 euros of current assets for every 1 euro of current liabilities, and a positive operating ratio, indicating that ITLOS consistently retains a surplus of revenue over expenses. ITLOS's financial ratios for the last five years are described in Table 1 below.

Table 1. ITLOS's financial ratio

Ratio	2025	2024	2023	2022	2021
Current ratio¹	2.81	3.30	2.47	2.59	2.30
Current assets: current liabilities					
Total assets: total liabilities²	0.78	0.75	0.80	0.82	0.78
Assets: liabilities					
Cash ratio³	2.31	2.57	2.14	2.20	1.99
Cash plus short-term investments: current liabilities					
Days cash on hand⁴	163 days	93 days	187 days	210 days	356 days
Cash and cash equivalents: [(total expenses - depreciation expenses) / 365]					
Quick ratio⁵	2.78	3.26	2.45	2.57	2.29
Cash plus short-term investments plus accounts receivable: current liabilities					

Source: ITLOS's financial statements

1. A high ratio indicates ITLOS's ability to pay off its current liabilities.
2. The sub-1.00 ratio results from the standard practice of funding long-term employee benefits on a cash basis.
3. The cash ratio is an indicator of ITLOS's liquidity. It measures the amount of cash and cash equivalents and short-term investments to cover current liabilities.
4. Days cash on hand measures the number of days of expenses that can be covered from existing cash and cash equivalents. Generally, higher values indicate a stronger liquidity position, although there is both a benefit and an opportunity cost to holding cash reserves.
5. 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 indicates a more liquid current position.

19. BPK noted that the overall financial ratios of the operation of ITLOS, as reported in the financial statements, were reasonable.

20. The ITLOS's Budgetary Matters is prepared on a modified accrual basis and approved by the Meeting of States Parties for the Law of the Sea (Meeting of States Parties) on a biennial basis. The thirty-fourth Meeting of States Parties in June 2024 approves the amount of 26.73 million euros as the budget of the Tribunal for the period 2025–2026. Pursuant to regulation 5.3 of the Financial Regulations and Rules of the ITLOS, the contributions of States Parties to the United Nations Convention on the Law of the Sea for each of the two years of the biennium 2025–2026 shall be determined on the basis of half of the appropriations adopted by the Meeting of States Parties for that period. Therefore, the budget amount for 2025 is 13.37 million euros.

21. The 2025 budget of 13.37 million euros is recognized as revenue from assessed contributions of States Parties. The amount of the approved budget also constitutes as the annual expenses of ITLOS.

b. Development of a comprehensive accounting policy manual

22. ITLOS' Financial Regulations and Rules provide a fundamental framework. A dedicated and comprehensive accounting policy manual has, however, not yet been developed. The Financial Regulations and Rules establish overarching principles, but they do not have detailed technical guidance for day-to-day operations such as specific recognition and measurement criteria for revenue from non-exchange transactions, depreciation schedules, or impairment procedures. Developing such a comprehensive accounting policy manual would ensure the consistent and systematic application of these technical requirements.

23. ITLOS recognizes assessed contributions as revenue and as receivables in accordance with IPSAS 23 – “*Revenue from Non-Exchange Transactions*”. At the beginning of 2025, ITLOS recorded assessed contributions receivable totalling 1.88 million euros across 89 States Parties. Our review of the financial statements as of 31 December 2025 noted that ITLOS has not yet established an accounting policy manual or methodology for expected credit losses. Although the Tribunal generally aligns its regulations with IPSAS, it has not yet implemented the requirements of the relatively new IPSAS 41 – “*Financial Instruments*”. Consequently, no impairment allowance has been recognized for assessed contributions receivable, and these balances are presented without a provision for potential credit losses. Furthermore, the absence of this policy means that no credit risk assessment or collectability analysis of individual outstanding contributions has been conducted.

24. BPK also noted that as at 31 December 2025, ITLOS reported other receivables totaling 0.28 million euros, an increase of 0.10 million euros (58.73%) from 0.17 million euros as at 31 December 2024. The case-related accounts receivable of 3,153 euros have remained unchanged since 31 December 2024. This receivable relates to interpretation and translation charges incurred by ITLOS. Specifically, in 2013, Guinea-Bissau requested interpretation and translation services in Portuguese or a language other than ITLOS's approved working languages (English and French) for the oral proceeding in Case No. 19 in September 2013. ITLOS provided the requested services and subsequently issued charges to the requesting State Parties through Debit Advice sent to the Agent for Guinea-Bissau on 25th September 2013. No payment has been received to date, despite almost 13 years having passed. Consequently, this amount remains recorded as an outstanding account receivable.

25. ITLOS management has confirmed that no documented impairment policy, compliant with the requirements of the relatively new IPSAS 41, exists for long-outstanding receivables.

26. The absence of the accounting policy manual heightens the risk of financial reporting inconsistencies, particularly during personnel transitions or organizational shifts. Specifically, the absence of an impairment policy, addressing expected credit

losses, means the carrying amount of assessed contributions receivable may not accurately reflect differences in credit risk. This can potentially distort the presentation of assets in the statement of financial position and the reported surplus or deficit.

27. To mitigate this risk, aligning with standard practices across the United Nations system is essential, as a dedicated manual serves as a vital instrument for translating high-level IPSAS principles into standardised technical procedures.

28. **BPK recommends that ITLOS develop and implement a comprehensive Accounting Policy Manual covering all material financial statement line items, including the application of the expected credit loss for long outstanding receivables. This would enhance long-term consistency and transparency and further strengthen alignment with IPSAS requirements and good practices within the United Nations system**

29. The Registry acknowledges and agrees. The accounting policy manual will be developed and completed after the 2026 financial period. An impairment allowance tailored to the Tribunal's circumstances will be included in the 2026 financial statements and incorporated into the manual.

3. Asset management

30. ITLOS has classified property, plant, and equipment as non-current assets and is measured at historical cost, net of accumulated depreciation and any impairment losses. The financial statements further disclosed that depreciation is calculated using the straight-line method, which allocates the cost of assets over their estimated useful lives.

31. As of 31 December 2025, the financial statements of ITLOS reported a total of 40 million euros in Non-Current Assets, which reflects a decrease compared to the previous year's total of 43.09 million euros recorded on 31 December 2024. This total is comprised of two primary categories of property, plant, and equipment. The first category, general property, plant and equipment, was valued at 0.23 million euros at the end of 2025, down from 0.24 million euros in 2024. The second and largest component, property, plant, and equipment - building, was reported at 39.73 million euros for the 2025 period, showing a reduction from the 42.85 million euros reported at the close of 2024.

Accounting for property, plant, and equipment and intangible assets

Property, plant, and equipment

32. BPK performed physical verification on a sample of assets selected from supporting documentation and identified 10 assets with zero residual value or that have been fully depreciated.

33. These assets were operational and well maintained, indicating residual economic value. However, retaining a large number may increase operating costs and inefficiencies. Therefore, ITLOS is required to take action to determine whether to revalue them or classify and dispose of those deemed obsolete.

34. BPK also conducted physical verification on a sample of assets selected from supporting documentation and identified 8 assets for which the recording status required further alignment. Following a joint review, it was determined that 4 of these assets fell below the 750 euros capitalization threshold. The remaining 4 assets were confirmed as recorded in the financial database; however, inconsistencies were noted between the identification numbers used by the Electronic Data Processing Department and those used by the Budget and Finance Departments, Management is currently reconciling these asset numbers to ensure consistency and accuracy within the asset register.

35. **BPK recommends that ITLOS review and adjust the residual values and useful lives of functional property, plant, and equipment as at the reporting date, and conduct a comprehensive physical reconciliation to ensure that the asset register is updated to include all eligible unrecorded items.**

36. The Registry acknowledged and accepted the recommendation.

Land

37. Under the Agreement between ITLOS and the Government of the Federal Republic of Germany on the Occupancy and Use of the Premises of the International Tribunal for the Law of the Sea in the Free and Hanseatic City of Hamburg, the Government of Germany agreed to transfer the premises to ITLOS permanently, free of rent, with the right to occupy and use them, as of 6 November 2000.

38. As of 31 December 2025, ITLOS has not recognized or disclosed land as property, plant, and equipment in its statement of financial position. While the building (comprising the main building, villa, security booth, and visitor parking area) was capitalized as of 1 January 2021 as a donated right-to-use arrangement under the Premises Agreement with the German Government, the underlying land remains unrecorded. ITLOS indicated that the land's value is currently unknown because ITLOS has not yet obtained the necessary asset data or valuation from the German Institute for Federal Real Estate.

39. BPK recommends that ITLOS obtain the fair value of the land from the German Institute for Federal Real Estate and recognize it as a separate asset from the building in its financial statements, in accordance with IPSAS 45.

40. The Registry acknowledged and accepted the recommendation.

Intangible assets

41. During the audit of ITLOS's financial statements, BPK observed that ITLOS operates a website that serves as a critical platform for electronic service delivery and public engagement. This highly informative digital hub provides external parties with direct access to key international legal texts, including the full UNCLOS treaty and ITLOS's internal procedural rules. The platform also facilitates real-time global engagement through live, multimedia webcasts of proceedings and official press releases, and supports professional development through detailed information on internships and academic yearbooks.

42. Despite its significant role and demonstrable service potential, this digital asset has not been recognized in the statement of financial position, and its development expenditures have not been measured or capitalized. This omission is inconsistent with non-monetary asset without physical substance.

43. BPK recommends that ITLOS conduct a comprehensive retrospective evaluation of all direct and attributable development costs related to its website and recognize the website as an intangible asset in the financial statements, in accordance with IPSAS 31.

44. The Registry acknowledged and accepted the recommendation.

4. Human resources management

45. The balance for employee salaries, allowances and benefits in 2025 amounted to 9.61 million euros marking a decrease of 1.05 million euros or approximately 9.88%, from the 10.66 million euros reported in 2024. This figure encompasses judges' allowances and pensions, staff salaries and common costs, as well as service costs and interest for provisions.

Eligibility verification of judges' pension benefit

46. In 2025, ITLOS disbursed pension payments to 16 judges and 11 surviving spouses under ITLOS Guidelines on the Administration of Judges' Pensions. Human Resources Department is required to conduct an annual verification of "proof of life".

47. Paragraph 5(a) of the Guidelines stipulates that ITLOS must issue a Certificate of Entitlement (or *Certificat De Vie*) in January. Recipients must return the

documentation within two months. If no response is received one month after the deadline, the Registry is mandated to recommend the suspension of payments.

48. We identified instances where pension payments were disbursed before these verifications were completed. While not material in monetary terms, this practice introduces a financial risk, as delayed confirmation could result in payments to ineligible recipients.

49. To mitigate this risk and ensure compliance with internal controls, **BPK recommends that ITLOS revise its Guidelines on the Administration of Judges' Pensions to explicitly mandate the completion of eligibility verification for all judge and surviving spouse pension entitlements prior to the commencement of each financial year.**

50. The Registry acknowledged and accepted the recommendation.

C. Transmissions of information by management

1. Write-off of losses of assets

51. In 2025, ITLOS incurred no write-offs for property, plant, and equipment, nor were any losses of cash or other assets identified during the period.

2. Ex gratia payments

52. ITLOS reported that, in accordance with financial rule 110.8, there were no *ex gratia* payments made by ITLOS during the year ended 31 December 2025.

3. Cases of fraud and presumptive fraud

53. In accordance with ISA 240 – “*The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements*”, BPK plans its audits of the financial statements so that it has a reasonable assurance of identifying material misstatement and irregularity (including those resulting from fraud). Our audit, however, should not be relied upon to identify all misstatement or irregularity. The primary responsibility for preventing and detecting fraud rests with management.

54. In accordance with ISA 240 – “*The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements*”, BPK planned its audit to obtain reasonable assurance of detecting material misstatement and irregularity (including fraud), but the audit cannot be relied on to detect all such matters; primary responsibility for preventing and detecting fraud rests with management.

55. BPK made inquiries of ITLOS about oversight of fraud risks and related processes, and whether there was any knowledge of actual, suspected, or alleged fraud. No instances of fraud were identified.

56. For 2025, ITLOS reported no cases of fraud or presumptive fraud.

D. Audit handover

57. BPK expresses its gratitude to BDO AG *Wirtschaftsprüfungsgesellschaft*, the predecessor external auditor, for facilitating an effective audit handover as required by auditing standards. Their assistance during audit planning enhanced BPK’s understanding of ITLOS’s internal controls and governance framework.

E. Acknowledgement

58. BPK extends its sincere appreciation to the Registrar and the staff for their cooperation during the audit. BPK is honoured by the trust placed in its appointment as External Auditor by the States Parties.

Dr. Isma Yatun, CSFA., CFrA
Chair of the Audit Board of the Republic of
Indonesia
External Auditor

Jakarta, Indonesia
25 February 2026

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

1. Statement of financial position as at 31 December 2025

(Euros)

	Note	31 December 2025	31 December 2024
<i>(as restated)</i>			
Assets			
Current assets			
Cash and cash equivalents	4	5 877 529	4 022 377
Investments	5	3 309 132	4 500 000
Assessed contributions receivable	6	1 322 905	1 877 243
Tax reimbursements due	7	255 320	256 709
Other receivables	8	275 424	173 518
Prepaid expenses	9	145 162	125 992
Other current assets		-	-
Total current assets		11 185 472	10 955 839
Non-current assets			
Property, plant and equipment	10	234 201	242 274
Property, plant and equipment, building	10	39 732 277	42 850 733
Property, plant and equipment, Land improvements	10	32 708	-
Other non-current receivables	11	5 900	-
Total non-current assets		40 005 086	43 093 007
Total assets		51 190 558	54 048 846
Liabilities			
Current liabilities			
Accounts payable and accruals	12	(348 110)	(225 910)
Contributions received in advance	13	(3 262 387)	(2 763 185)
Employee benefit	14	(367 064)	(331 573)
Total current liabilities		(3 977 561)	(3 320 668)
Non-current liabilities			
Employee benefit	15	21 656 133)	(24 060 728)
Surrender of savings from prior years	16	(45 402)	(2 074 298)
Other non-current liabilities	17	(39 862 430)	(42 929 051)
Total non-current liabilities		(61 563 965)	(69 064 077)
Total liabilities		(65 541 526)	(72 384 745)
Net assets/equity			
Working Capital Fund	18	(1 309 132)	(1 309 132)
Prior period (surplus)/deficit	19	19 423 502	16 646 956
Surrender of surplus trust funds		17 524	22 647

	Note	31 December 2025	31 December 2024
			<i>(as restated)</i>
(Surplus)/deficit for the period	19	(3 780 926)	2 975 428
Total net assets/equity		14 350 968	18 335 899
Total liabilities and net assets/equity		(51 190 558)	(54 048 846)

Abbreviation: IPSAS, International Public Sector Accounting Standards.

2. Statement of financial performance for the period from 1 January to 31 December 2025

(Euros)

	<i>Note</i>	<i>2025</i>	<i>2024</i>
			<i>(as restated)</i>
Revenue			
Assessed contributions (Exhibit I)	20	(13 365 675)	(11 720 789)
Voluntary contributions	21	(745 296)	(787 789)
Other revenue			
Savings due to cancellation of prior period obligations		-	-
Gain on exchange	22	(2 773 751)	(71 740)
Miscellaneous revenue	23	(3 125 973)	(3 163 254)
Miscellaneous revenue from first adoption of assets		-	-
Investment revenue	24	(105 082)	(178 635)
Total revenue		(20 115 777)	(15 922 207)
Expenses			
Employee salaries, allowances and benefits	25	9 611 393	10 665 448
Non-employee compensation and allowances	26	688 336	683 886
Grants and other transfers		-	-
Supplies and consumables	27	229 537	182 611
Depreciation and amortization	28	3 191 966	3 156 505
Impairment	28	-	259
Travel	29	620 983	818 510
Other operating expenses	30	1 851 038	1 855 198
Loss on exchange	31	141 598	1 535 218
Obligations		-	-
Total expenses		16 334 851	18 897 635
Deficit/(Surplus) for the period		(3 780 926)	(2 975 428)

3. Statement of changes in net assets/equity for the period from 1 January to 31 December 2025

(Euros)

Total net assets/equity as at 31 December 2023	15 099 603
	<i>2024(as restated)</i>
Surplus/(deficit) for the period 2024	3 124 449
Prior periods surplus – trust funds	(547 803)
Surplus for 2024 period –trust funds	(149 021)
Changes in net assets	
Actuarial (gains)/losses on employee benefit liabilities	(1 266 840)
Surrender of 2021-2022 cash surplus	2 052 864
Surrender of trust fund surplus	22 647
Total movements during the year	3 236 296
Total net assets/equity as at 31 December 2024	18 335 899
	<i>2025</i>
Surplus/(deficit) for the period 2025	(3 780 926)
Changes in net assets	
Actuarial (gains)/losses on employee benefits liabilities	(221 529)
Surrender of trust fund surplus	17 524
Total movements during the year	(3 984 931)
Total net assets/equity as at 31 December 2025	14 350 968

4. Statement of cash flows for the period from 1 January to 31 December 2025

(Euros)

	2025	2024 (as restated)
Cash flows from operating activities		
Surplus/(deficit) for the period (statement II)	3 780 926	(2 975 428)
Depreciation	3 191 966	3 156 505
(Increase) decrease in contributions receivable	554 338	(743 528)
(Increase) decrease in tax reimbursements due	1 389	67 407
(Increase) decrease in other accounts receivable	(101 906)	19 292
(Increase) decrease in prepaid expenses	(19 170)	(586)
Increase (decrease) in accounts payable	122 200	59 603
Increase (decrease) in contributions received in advance	499 202	(2 053 549)
Increase (decrease) in employee benefit liabilities	(2 369 104)	967 802
Increase (decrease) in accounts other liabilities	(3 066 621)	(3 100 415)
(Interest received)	105 082	178 635
Net cash flows from operating activities	2 698 302	(4 424 262)
Cash flows from investing and financing activities		
Interest received	(105 082)	(178 635)
Purchase of property, plant and equipment	(104 045)	(14 440)
Net cash flows from investing and financing activities	(209 127)	(193 075)
Cash flows from other sources		
Increase (decrease) in working capital fund	-	-
Increase (decrease) in accumulated surplus	204 005	(260 868)
Increase (decrease) in surrender of savings from prior years	(2 028 896)	2 052 736
Net (increase) decrease in net assets/equity	(1 824 891)	1 791 868
Cash and cash equivalents and investments at the beginning of the financial period	8 522 377	11 347 846
Cash and cash equivalents and investments at the end of the financial period	9 186 661	8 522 377

5. Statement of comparison of budget and actual amounts for the financial period from 1 January to 31 December 2025

(Euros)

Part/ section	Object of expenditure	2025 approved budget	2025 expenditure	2025 balance	2024 expenditure	
1	A	RECURRENT EXPENDITURE				1
2	1	Judges				2
3	1.1	2 279 500	2 273 007	6 493	2 441 429	3
4	1.2	539 000	556 567	(17 567)	538 749	4
5	1.3	168 000	161 801	6 199	147 839	5
6	1.4	106 700	9 838	96 862	29 026	6
7	2	Judges' pension scheme				7
8	3	Staff costs				8
9	3.1	3 421 150	3 445 683	(24 533)	3 201 769	9
10	3.4	1 320 650	1 269 042	51 608	1 361 673	10
11	3.5	12 500	2 504	9 996	5 894	11
12	3.6	137 850	129 388	8 462	130 517	12
13	3.7	53 950	25 694	28 256	50 502	13
14	3.8	38 300	28 900	9 400	35 505	14
15	4	Representation allowance				15
16	5	Official travel				16
17	6	Hospitality				17
18	7	Operating expenditures				18
19	7.1	1 673 650	1 443 226	230 424	1 404 687	19
20	7.2	230 250	173 957	56 293	177 563	20
21	7.3	106 550	78 532	28 018	82 404	21
22	7.4	37 000	22 057	14 943	39 188	22
23	7.5	62 800	41 315	21 485	37 759	23
24	7.6	14 900	6 600	8 300	0	24
25	8	Library and related costs				25
26	8.1	133 000	132 739	261	134 901	26
27	8.3	51 000	40 296	10 704	64 957	27
28						28
29	B	NON-RECURRENT EXPENDITURE				29
30	9	Purchase of equipment				30
31	9.1	86 450	69 581	16 869	24 112	31

<i>Part/ section</i>	<i>Object of expenditure</i>	<i>2025 approved budget</i>	<i>2025 expenditure</i>	<i>2025 balance</i>	<i>2024 expenditure</i>
32					32
33	C CASE-RELATED COSTS	1 482 950	497 050	958 900	1 699 716 33
34	12 Judges	997 450	204 650	792 800	1 368 292 34
35	12.1 Special allowances	712 950	101 251	611 699	1 067 508 35
36	12.2 Compensation to judges <i>ad hoc</i>	156 400	90 137	66 263	57 696 36
37	12.3 Travel to meetings, including judges <i>ad hoc</i>	128 100	13 262	114 838	243 088 37
38	13 Staff costs	485 500	292 400	193 100	331 424 38
39	13.1 Temporary assistance for meetings	465 500	288 190	177 310	324 706 39
40	13.2 Overtime	20 000	4 210	15 790	6 718 40
41					41
42	TOTAL	13 367 000	11 822 913	1 544 087	12 810 795 42

6. Notes to the financial statements for the period from 1 January to 31 December 2025

Note 1

Statement of the objectives and activities of the Tribunal

The International Tribunal for the Law of the Sea is an international judicial body established by the United Nations Convention on the Law of the Sea to adjudicate disputes concerning the interpretation or application of the Convention. It began its activities in 1996. The Tribunal is composed of 21 independent members elected by the States Parties to the Convention. It is assisted by a Registry consisting of 39 staff members. The Tribunal has its seat in Hamburg, Germany, and its activities are funded by the regular budget, financed by contributions from States Parties to the Convention.

Note 2

Basis of preparation

The financial statements in the present report have been prepared fully in accordance with the International Public Sector Accounting Standards (IPSAS). Since 2021, all financial statements have been prepared in accordance with IPSAS.

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

- (a) Statement of financial position (statement A);
- (b) Statement of financial performance (statement B);
- (c) Statement of changes in net assets/equity (statement C);
- (d) Statement of cash flows (statement D);
- (e) Statement of comparison of budget and actual amounts (statement E);
- (f) Notes to the financial statements, comprising a summary of significant accounting policies and other explanatory notes.
- (g) Comparative information in respect of all amounts presented in the financial statements indicated in (a) to (d) above and, where relevant, comparative information for narrative and descriptive information presented in the notes to these financial statements.

Going concern

The going-concern assertion is based on the approval by the Meeting of States Parties of the budget appropriations for the 2025–2026 budget period and the positive historical trend of the collection of assessed contributions over the previous years.

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

Note 3**Summary of significant accounting policies**

On 12 June 2003, the thirteenth Meeting of States Parties adopted the Financial Regulations of the Tribunal, which became effective on 1 January 2004 and have been applied to the financial period 2005–2006 and subsequent financial periods (see [SPLOS/100](#)). Pursuant to financial regulation 10.1 (a), the Tribunal adopted its Financial Rules in 2004. The States Parties took note of the Financial Rules at their fourteenth Meeting, in 2004. The Financial Rules became effective on 1 January 2005.

On 9 December 2020, the thirtieth Meeting of States Parties approved amendments to the Financial Regulations of the Tribunal (see [SPLOS/30/6](#)). The amended Regulations, which became effective on 1 January 2021, have been applied to the financial period 2025 and will apply to subsequent financial periods. On 24 June 2021, the thirty-first Meeting of States Parties endorsed amendments to the Financial Rules of the Tribunal (see [SPLOS/31/5](#)). The amended Rules, which became effective on 1 January 2021, have been applied to the financial period 2025 and will apply to subsequent financial periods.

Financial period

Pursuant to financial regulation 2.1, the financial period consists of one calendar year. In the present report, that period is from 1 January to 31 December 2025.

Currency of accounts

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

Foreign currency transactions

Transactions in United States dollars are converted into euros using the United Nations operational rates of exchange, except for assessed contributions paid in United States dollars. For the contributions paid in United States dollars, the conversion into euros is made at the most favourable rate of exchange available to the Tribunal on the date of the payment, in accordance with financial rule 105.2.

The differences in exchange rates which may occur between the date of recording and the date of settling the transactions are recorded in the statement of financial performance as gains or losses on exchange (see notes 20 and 29).

Assets and liabilities in United States dollars are revalued at the end of the financial period at the prevailing United Nations operational rates of exchange. The revaluation amounts are recorded in the statement of financial performance as gains or losses on exchange.

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

	<i>1 January 2025</i>	<i>31 December 2025</i>	<i>Average 2025</i>	<i>Average 2024</i>
Exchange rate between the euro and the United States dollar	0.960	0.850	0.890	0.923

Cash and cash equivalents

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

Financial risks

The Tribunal is required to apply prudent risk management policies and procedures in accordance with its Financial Regulations and Rules. During the financial period 2025, the Tribunal made short-term investments of moneys not needed for immediate requirements, pursuant to financial regulation 9 (see note 5).

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

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

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

Receivables, prepayments and other assets (current assets)

Receivables and advances are recognized initially at nominal value.

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

Property, plant and equipment

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

The premises of the Tribunal are recognized as a right-of-use asset on the basis of a donated right-to-use arrangement. While the donated right-to-use arrangements are covered by IPSAS 23: Revenue from non-exchange transactions, the asset itself is accounted for as a lease under the right-of-use model introduced by IPSAS 43.

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

Estimated useful lives are defined as follows:

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

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

Leases

Lease agreements for the official cars of the Tribunal are recognized as right-of-use and lease liabilities. The right-of-use assets are depreciated over the lease term, and interest expense is recognized on the lease liability. Photocopiers are treated as leases of low-value assets, and the lease payments are recorded as expenses on the statement of financial performance on a straight-line basis over the lease term.

Accounts payable and other liabilities (current liabilities)

Accounts payable are recognized initially at nominal value, as a best estimate of the amount required to settle the obligation at the reporting date. In accordance with the principle of accrual-based accounting, all invoices dated, services rendered or goods delivered before 31 December 2025 represent an account payable of the Tribunal and have been recorded in 2025.

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

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

Employee benefit liabilities

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

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

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

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

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

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

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

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

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

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

Provisions and contingent liabilities

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

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

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

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

Obligations

No obligations were recorded during the financial period 2025.

Non-exchange revenue

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

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

Voluntary contributions to trust funds administered by the Tribunal and the revenue derived from them were included in the 2025 financial statements of the Tribunal and the expenses associated with trust fund activities recognized, marking a departure from the practice of previous years. These statements further provided

comprehensive disclosure regarding the assets, liabilities and equities of the trust funds.

Miscellaneous revenue

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

Expenses

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

Reserves and fund balances

In 1998, the eighth Meeting of States Parties authorized the establishment of a working capital fund to ensure continuity of operation in the event of temporary shortfalls in funds, and to provide the Tribunal with the necessary financial means to deal with cases, in particular those involving urgent proceedings, in accordance with financial regulation 6.2 (see [SPLOS/31](#)).

The prior-period gains and reserves represent excess income overexpenditure from previous financial periods (2005–2006 to 2024), in accordance with regulation 4 of the Financial Regulations of the Tribunal.

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

Budget comparison

A comparison of actual amounts with the amounts in the budget (half of the approved budget for the 2025–2026 budget period) is presented in statement E. This comparison is made on the same modified cash basis of accounting as was applied to the budget.

A reconciliation of the actual amounts on a modified cash basis, with actual amounts presented in the financial statements, is included in the section entitled “Statement of comparison of budget and actual amounts” below, in the light of the fact that the full accrual basis and the modified cash basis of accounting applied to the budget differ.

Note 4

Cash and cash equivalents

The Tribunal held a total of €5,877,529 in cash and cash equivalents as at 31 December 2025, including €1,309,132 in the Working Capital Fund. The equivalent of €100,633 (€127,622 in 2024) is kept in United States dollars (\$118,392 (\$132,940 in 2024)). The total amount also included €602,922 in cash from the trust funds maintained by the Tribunal. At the end of the financial period 2024, cash and cash equivalents amounted to €4,022,377, which included €662,123 in cash from the trust funds.

Note 5 Investments

In February, May, June, July, September and November 2025, the Tribunal made short-term investments of moneys not needed for immediate requirements totalling €11,309,132. Short-term investments are investments made for less than 12 months, in accordance with rule 109.1 of the Financial Rules of the Tribunal. As at 31 December 2025, investments in the amount of €3,309,132 were held. As at 31 December 2024, investments in the amount of €4,500,000 were held.

Note 6 Assessed contributions receivable

A total of €1,322,905 in assessed contributions was outstanding for the financial period 2025 and previous financial periods as at 31 December 2025. Of this amount, €257,018 was outstanding for the budget period 2023–2024. For the budget period 2021–2022, €170,307 remained outstanding. As regards the financial periods 1996/97 to 2019–2020, the unpaid contributions amounted to €305,377. Contributions received in excess of contributions due are reported in note 13.

(Euros)

<i>Financial period of assessment</i>	<i>31 December 2025</i>	<i>31 December 2024</i>
1996/97 to 2019–2020	305 377	322 067
2021–2022	170 307	179 221
2023-2024	257 018	1 375 955
2025	590 203	
Total	1 322 905	1 877 243

Note 7 Tax reimbursements due

Tax reimbursements due refer to value added tax (VAT), energy tax and insurance tax. As at 31 December 2025, these receivables amounted to €255,320, in comparison with €256,709 at the end of the financial period 2024, and comprised:

- €255,320 for VAT, including €14,975 for the trust funds (€256,709 in 2024, including €7,836 for the trust funds)
- €4,649 for energy tax (€4,485 in 2024)
- €8,729 for insurance tax (€9,489 in 2024)

Note 8**Other receivables**

Other receivables consist of receivables from staff, judges, vendors and the German Institute for Federal Real Estate. This amounted to a total of €259,127.

(Euros)

	<i>31 December 2025</i>	<i>31 December 2024</i>
Accounts receivable, German Institute for Federal Real Estate	112 060	87 671
Accounts receivable, vendors and trust funds	33 731	40 281
Accounts receivable, staff	129 572	39 965
Accounts receivable, case-related	0	3 153
Accounts receivable, judges	61	2 448
Total	275 424	173 518

Accounts receivable from the German Institute for Federal Real Estate are amounts due from the German authorities for major repairs under the Agreement between the Tribunal and the Government of the Federal Republic of Germany on the Occupancy and Use of the Premises of the International Tribunal for the Law of the Sea in the Free and Hanseatic City of Hamburg (the Premises Agreement). Accounts receivable from vendors mainly represent interest earned on short-term investments, which will be paid only once the investments expire in 2026. They also represent credit notes not yet reimbursed to the Tribunal or the trust funds maintained by the Tribunal. Accounts receivable from staff include advances for the education grant and dependency allowance to be recovered from staff. The case-related receivables concern interpretation and translation charges due to the Tribunal and have been classified as non-current receivables (see note 11). Accounts receivable from judges relate to a subsistence allowance advance.

Note 9**Prepaid expenses**

Prepaid expenses in the amount of €145,162 are payments made towards the end of the financial period 2025 that relate to the following financial period. Accordingly, these expenses will be charged against the provision for the financial period 2026 and will be cleared from the receivables items. In December 2024, prepaid expenses amounted to €125,992.

Note 10**Property, plant and equipment**

The Tribunal's assets amount to €39,999,186 (€43,093,007 in 2024) in property, plant and equipment. Under the Premises Agreement, the German Government agreed to transfer the premises to the Tribunal permanently, free of rent, with the right to occupy and use them, as of 6 November 2000. The building (the main building, the villa, the security booth and the visitor parking area) and all its assets were capitalized as at 1 January 2021, following the adoption of IPSAS for the financial period 2021. The leasing of the building has been recorded as a donated right-to-use arrangement and has consequently been recognized as a right-of-use lease in accordance with the United Nations corporate guidance for IPSAS. The opening balance of the building assets was calculated using the book values of the building in 2017 as transmitted to the Tribunal by the German Institute for Federal Real Estate. The Tribunal also recognizes the land underlying its headquarters premises as being provided by the

Federal Republic of Germany. As of 31 December 2025, management was in the process of finalizing an updated valuation with the German Institute for Federal Real Estate (BIMA). In accordance with IPSAS 43, leased vehicles are recognized as right-of-use (ROU) assets under property, plant and equipment. The ROU assets are depreciated over the lease term, while interest expense is recognized on the lease liabilities.

(Euros)

	<i>Other property, plant and equipment</i>						<i>Total</i>
	<i>Buildings and land improvements</i>	<i>Furniture</i>	<i>Information technology equipment</i>	<i>Media, equipment and communications</i>	<i>Other building equipment</i>	<i>Vehicles</i>	
Costs							
As at 1 January 2025	55 193 722	29 582	231 712	63 879	236 058	0	55 754 953
Additions	–	–	47 926	–	–	50 219	98 145
Impairment loss/disposal	–	–	–	–	–	–	–
As at 31 December 2025	55 193 722	29 582	279 638	63 879	236 058	50 219	55 853 098
Accumulated depreciation							
As at 1 January 2025	12 342 989	25 147	145 687	47 469	100 654	0	12 661 946
Depreciation	3 085 748	2 356	50 850	8 788	26 274	17 950	3 191 966
Disposals	–	–	–	–	–	–	–
As at 31 December 2025	15 428 737	27 503	196 537	56 257	126 928	17 950	15 853 912
Net book value							
As at 1 January 2025	42 850 732	4 435	86 025	16 410	135 405	0	43 093 007
As at 31 December 2025	39 764 985	2 079	83 101	7 622	109 130	32 269	39 999 186

The Tribunal maintains a collection of heritage items that have been presented as gifts to the Tribunal by States Parties, public or private organizations and individual donors. This collection includes a variety of cultural and artistic works, such as:

- paintings and sculptures
- decorative and commemorative objects
- historic and archival documents
- other significant works of art.

Note 11**Other non-current receivables**

Other non-current receivables consist of receivables from former judges (€2,348) and case-related receivables (€3,552). They amounted to a total of €5,900 and were recorded under other current receivables in 2024 (see note 8).

Note 12**Accounts payable and accruals**

The records of the Tribunal indicate €139,600 in accounts payable to employees and judges, €1,007 in payables to non-employees, such as consultants and external translators, €201,612 in payables to vendors and €5,891 in trust fund-related activities, for a total of €348,110. The accounts payable will be settled at the

beginning of the following financial period. At the end of the financial period 2024, payables amounted to €225,910.

Note 13

Contributions received in advance

As at 31 December 2025, €3,262,387 was received in assessed contributions for future periods. As at the end of 2024, contributions in the amount of €2,763,185 were received in advance.

Note 14

Employee benefit liabilities (current)

Annual leave and home leave are recognized as expenses because employees render services that increase their entitlement to future compensated absences. As annual leave and home leave can partly fall due for settlement in a period exceeding 12 months, these liabilities have been divided into current and non-current liabilities. Expenses in the amount of €52,156 for annual leave and in the amount of €36,391 for home leave have been recorded for the financial period 2025. These amounts represent current values. Liabilities in the amounts of €332,488 and €34,576, respectively, have been recorded in the statement of financial position. Amounts of €115,879 and €41,317, respectively, have been recorded as non-current liabilities. In 2024, liabilities in the amounts of €22,502 and €309,071 were recorded (see note 15).

Note 15

Employee benefit liabilities (non-current)

Non-current liabilities have been created for the pensions of judges, after-service health insurance, repatriation grants and relocation grants. In accordance with IPSAS 39, an actuary was appointed by the Tribunal for the actuarial valuation of these liabilities as at 31 December 2025. The valuation of obligations as at 31 December 2025 was executed using the projected unit credit method. The liabilities were determined in United States dollars and converted at the year-end exchange rate of 0.85 between the dollar and the euro. The liability amounts recorded are shown in the table below.

	2025			2024		
	Current (euros)	Non-current (euros)	Total (United States dollars)	Current (euros)	Non-current (euros)	Total (United States dollars)
Judges' pensions	–	19 518 174	20 331 432	–	22 157 563	23 080 795
After-service health insurance	–	1 724 402	1 796 252	–	1 517 848	1 581 092
Repatriation grant	–	136 205	141 880	–	126 565	131 839
Relocation grant	–	120 156	125 162	–	124 061	129 230
Annual leave	332 448	115 879	–	309 071	106 187	–
Home leave	34 576	41 317	–	22 502	28 504	–
Total	367 064	21 656 133	22 394 726	331 573	24 060 728	24 922 956

Non-current liabilities for employee benefits for home leave (€41,317) and annual leave for staff members (€115,879) have been recorded (see note 14).

Amounts for service costs and interest are shown in the table below.

	<i>2025 service costs (euros)</i>	<i>2024 service costs (euros)</i>	<i>2025 interest (euros)</i>	<i>2024 interest (euros)</i>
Repatriation grants	13 558	10 610	3 397	3 091
After-service health insurance	71 697	78 149	45 491	49 841
Pension obligations	836 007	1 100 563	648 365	727 160
Relocation grants	–	–	3 308	3 308
Total	921 262	1 189 322	700 561	783 400

Note 16**Surrender of savings from prior years**

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

(Euros)

<i>Financial period</i>	<i>31 December 2025</i>	<i>31 December 2024</i>
2003 (Staff assessment)	33	33
2005–2006	1 359	1 359
2007–2008	2 976	3 210
2009–2010	2 282	2 486
2011–2012	793	845
2013–2014	3 356	3 538
2017–2018	7 862	8 448
2019–2020	1 401	1 515
2021–2022	25 340	2 052 864
Total	45 402	2 074 298

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

Note 17**Other non-current liabilities**

The lease for the buildings and land improvements of the Tribunal, which is categorized as a donated right-to-use arrangement, was recognized as an asset in 2021. As at 31 December 2025, the value of the buildings and land improvements amounted to €39,764,985 (€42,850,733 in 2024). Deferred revenue under other non-current liabilities was credited for the same amount. The value of the buildings and land improvements will be depreciated until the end of 2038. At the time the depreciation is recognized, an equal amount is recognized as revenue by debiting deferred revenue and crediting revenue for the same amount (see note 10).

The refurbishment of a special lift was partly financed by the German authorities and the refurbished lift was recognized as an asset in 2021. The liability for the lift amounted to €20,975 (€24,974 in 2024) as at 31 December 2025.

A leasing liability for the Tribunal's telephone system in the amount of €44,200 (€53,345 in 2024) and a new leasing liability for the Tribunal's official cars in the amount of €32,269 have also been recorded under the same heading.

Accordingly, other non-current liabilities amount to €39,862,430 (€42,929,051 in 2024).

Note 18
Working Capital Fund

In 1998, the eighth Meeting of States Parties authorized the establishment of a working capital fund to ensure continuity of operation in the event of temporary shortfalls in funds, and to provide the Tribunal with the necessary financial means to deal with cases, in particular those involving urgent proceedings, in accordance with financial regulation 6.2 (see [SPLOS/31](#)).

The total Working Capital Fund currently stands at €1,309,132, the same as at the end of 2024, of which €767,014 may be used to cover case-related costs.

Note 19
Surplus/deficit for prior periods

Prior-period deficits stand at €19,423,502 and represent excess revenue over expenses from previous financial periods (2005–2006 to 2019–2020 and 2023) and the deficits from the financial periods 2021, 2022 and 2024, including prior surpluses/deficits from trust funds, in accordance with regulation 4 of the Financial Regulations of the Tribunal. At the end of 2024, the total prior-periods deficit amounted to €16.646.956.

Employee benefit liabilities were increased in 2025 because of changes in service and interest costs and experience adjustments. However, exchange rate gains due to the decreased value of the United States dollar against the euro led to a decrease of employee benefit liabilities in the amount of €2,369,104. The gains on exchange have been recorded in the statement of financial performance.

The surplus for the current period amounts to €3,780,926.

Note 20
Revenue (assessed contributions)

In June 2024, the thirty-fourth Meeting of States Parties approved a budget for the 2025–2026 budget period in the amount of €26,734,000 (see [SPLOS/34/11](#)). In accordance with regulation 5.3 of the Financial Regulations of the Tribunal, States Parties' assessed contributions are determined on the basis of half of the budget for each year of the two-year budget period. Accordingly, revenue from assessed contributions amounts to €13,365,675. The Kyrgyz Republic acceded to the United Nations Convention on the Law of the Sea in October 2025 and was required to pay assessed contributions to the budget of the Tribunal in accordance with regulation 5.4 (d).

Note 21
Voluntary contributions

Voluntary contributions in 2025 concern four trust funds maintained by Tribunal and totalled €745,296 (€787,789 in 2024). These trust funds were established further to various agreements, memoranda of understanding and cooperation arrangements aimed at funding capacity-building and training programmes conducted by the Tribunal.

The Nippon Foundation grant was established in 2007 through an agreement to fund a capacity-building and training programme on dispute settlement under the UN Convention on the Law of the Sea. Since its inception, the foundation has contributed a total of €4,399,080, which includes a €284,600 contribution made in

2025 (€281,740 in 2024). An amount of €17,524 was surrendered to the Nippon Foundation in 2025 (€22,647 in 2024).

The trust fund for the law of the sea was created in 2009 to promote the advancement of human resources in developing countries in the law of the sea and maritime affairs. In 2025, it received a total amount of €46,000 (€46,000 in 2024), consisting of grants of €31,000 from the Korea Maritime Institute and €15,000 from Cyprus. These funds specifically support the internship programme and regional workshops such as the 2025 event organized in Viet Nam.

The Republic of Korea trust fund was established to provide financial assistance for the organization of specialized workshops for legal advisers at the Tribunal. During the 2025 financial period, the Tribunal received a voluntary contribution of €269,986 (€295,739 in 2024) from the Republic of Korea.

The Junior Professional Officer trust fund was established further to a 2022 memorandum of understanding between the Tribunal and the People's Republic of China. The contributions to this fund, based on specific cost estimates to support the placement and contract extensions of Junior Professional Officers at the Tribunal, are provided by the Government of China. In June 2025, China made a contribution of €144,710 (€164,310 in 2024) based on cost estimates for the programme.

Detailed information on the four trust funds maintained by the Tribunal in 2025 is presented in appendix III of the financial statements. The audited financial statements for each of these trust funds will be circulated at the Meeting of States Parties in June 2026.

Note 22

Gains on exchange

Gains on exchange in the amount of €2,773,751 (€71,740 in 2024) were recorded. They include an amount of €2,741,525 for the revaluation of employee benefit liabilities and €366 from the trust funds. Exchange rate losses are reported under expenses (see note 31).

Note 23

Miscellaneous revenue

A total of €3,125,973 (€3,163,254 in 2024) in miscellaneous revenue was recorded as at 31 December 2025. This amount comprises:

- The 2025 assessed contribution of the Kyrgyz Republic in the amount of €1,325, in accordance with financial regulation 5.4 (d) (see note 20)
- Miscellaneous revenue in the amount of €34,679 from refunds from the water supplier and the waste removal company (€1,095), the agreed Junior Professional Officer Programme support costs for the year 2025 (€20,200), refunds for ASHI and health insurance for the year 2024 (€11,715), a refund for UN jointly financed activities in prior periods (€492), an insurance claim (€240), recovery of dependency allowance (€597) and revenue from the sale of ITLOS pins (€340)
- Rounding losses (€28)
- Deferred revenue in the amount of €3,089,746 (the same amount as in 2024) to meet the accumulated depreciation of the Tribunal's buildings further to the donated right-to-use arrangement and the depreciation of the special lift, which was partly financed by the German authorities (see note 17)
- Trust fund-related activities in the amount of €195 (€277 in 2024).

Note 24**Investment revenue**

In February, May, June, July, September and November 2025, the Tribunal made short-term investments of moneys not needed for immediate requirements (see note 5). As at 31 December 2025, interest revenue in the amount of €105,082 was recorded (€178,635 in 2024).

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

The amount of €9,611,393 (€10,665,448 in 2024) in employee salaries, allowances and benefits includes judges' allowances and judges' pensions, staff salaries and common costs, and in addition, service costs and interest for provisions.

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

This encompasses all amounts paid to consultants, interpreters, translators, trust fund-related activities and other external service providers. As at 31 December 2025, expenses totalling €688,336 (€683,886 in 2024) were recorded in this regard.

Note 27**Supplies and consumables**

In 2025, €229,537 (€182,611 in 2024) was spent on supplies and consumables. This amount includes expenses for office supplies and operating supplies, as well as trust fund-related supplies, library subscriptions and books.

Note 28**Depreciation and amortization**

Of the €3,191,966 (€3,156,505 in 2024) for depreciation, the amount of €3,085,747 (€3,085,748 in 2024) corresponds to the depreciation of the four assets constituting the buildings and land improvements (the main building, the security booth, the villa and the visitor parking area). Other assets include computer equipment, building equipment and technology, courtroom equipment, the official cars of the Tribunal and office furniture (see note 10).

No impairment or amortization expense was recorded in the financial period 2025. An impairment loss of €259 was recorded in 2024.

Note 29**Travel**

A total of €620,983 (€818,510 in 2024) was spent on travel in 2025, including travel related to trust fund activities. The amount comprises €175,063, corresponding to travel to Hamburg by judges to attend sessions, hearings and case-related meetings, €80,193 for official travel by the President, the Registrar and staff members of the Tribunal, and €365,727 for travel related to trust fund activities.

Note 30**Other operating expenses**

Other operating expenses include expenses against the budget lines for maintenance of the premises, external printing and binding, purchases of equipment, communications, hospitality, miscellaneous services, and trust fund-related activities.

Total expenses for the financial period 2025 amounted to €1,851,038. In 2024, other operating expenses amounted to €1,855,198.

Note 31**Loss on exchange**

A loss on exchange in the amount of €141,598 was recorded. In 2024, a loss of €1,535,218 was recorded. The 2024 loss included an amount of €1,503,738 for the revaluation of employee benefit liabilities as a result of the increased value of the United States dollar against the euro between December 2023 and December 2024. In 2025, the value of the dollar against the euro decreased and the revaluation of employee benefit liabilities (see note 15) thus led to exchange rate gains in 2025 (see note 22).

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

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

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

Timing differences occur when the budget period differs from the reporting period reflected in the financial statements. As mentioned above, the Tribunal's budget period is for two years, while its financial period is for one year. For each of the two years of a budget period, the contributions of States Parties are determined on the basis of half of the appropriations adopted by the Meeting of States Parties for that budget period. Accordingly, the budget for the financial period 2025 is half of the approved budget for the 2025–2026 budget period.

The budget for 2025–2026 includes estimates for a portion of the meetings to deal with case No. 32 and estimates for two urgent cases in part C (Case-related costs).

With regard to the budget performance for the year 2025, the expenditure level as at 31 December 2025 indicates that the overall funds approved were sufficient.

For the year 2025, the budget line for special allowances shows an overexpenditure in the amount of €17,567. The negative balance is due to the increase in the daily subsistence allowance (DSA) for Hamburg from €325 in March 2024 when the budget was drafted to €374 in July 2024. The overexpenditure in the budget line "Special allowances" can be compensated within section I "Judges". It should be noted that the DSA rate for Hamburg was reduced to €341 as of 1 October 2025 which, if the DSA rate remains at the same level, should reduce the anticipated overexpenditure for special allowances during the year 2026.

In accordance with the pension scheme regulations of the Tribunal, the pension paid to former judges and surviving spouses increased by 9.5 per cent on 1 January 2025. This increase led to an overexpenditure of €11,881 in the budget line "Judges' pension scheme". The overexpenditure was reduced as a result of the decreased value of the US dollar against the euro.

For the year 2025, the budget line for established posts shows an overexpenditure in the amount of €24,533. The negative balance is due to an increase in salaries for General Service staff. The applicable salary scale was increased by 9.6 per cent, effective December 2024. The overexpenditure in the budget line “Established posts” can be compensated within section 3 “Staff costs”.

Note 33**Contingent liabilities**

Any future review of the post adjustment multiplier for Hamburg may lead to adjusted salaries for staff members in the Professional category and for judges. A future cost-of-living survey for Hamburg may likewise lead to a revision of the post adjustment multiplier. The amounts of adjusted salaries cannot be reliably estimated.

Note 34**Related party disclosures**

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

The staff costs for the Registrar amounted to €240,103.

For the President, the annual and special allowances amounted to €186,046 and the non-pensionable allowance to €117,512. Provisions for President Heidar were created in an amount of €367,709.

Note 35**Write-off losses of assets, including cash, receivables and property, plant and equipment, inventories and intangible assets**

No amounts were written off during the reporting period.

Note 36**Events after the reporting date**

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

Note 37**Institutional arrangements**

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

The financial statements and the notes to the financial statements were authorized by the Registrar of the Tribunal, Ms. Ximena Hinrichs Oyarce, on 5 February 2026.

Appendix I

Status of contributions to the International Tribunal for the Law of the Sea from 1996 to 2025 as at 31 December 2025

An updated table on the status of contributions as at 31 May 2026 will be provided to the Meeting of States Parties and made available on the platform of the Meeting.

Appendix II

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

(Euros)

A. Nippon Foundation grant for the period from 1 January to 31 December 2025

	2025
Revenue	
Grant from the Nippon Foundation	(284 600)
Miscellaneous revenue	(195)
Gain on exchange	(60)
Net revenue	(284 855)
Expenses	
Participants (subsistence allowance, travel and insurance)	178 470
Lecturers (subsistence allowance and travel)	44 126
General administrative expenses	49 101
Non-refundable taxes	559
Total expenses	272 256
Surplus for the period	(12 599)
Assets	
Cash and term deposits	98 286
Accounts receivable	1 297
Prepaid expenses	26 463
Total assets	126 046
Liabilities	
Accounts payable	(5 866)
Total liabilities	(5 866)
Net assets/equity	
(Surplus)/deficit for prior periods	(125 105)
Surrender of surplus	17 524
Surplus for the financial period 2025	(12 599)
Total net assets/equity	(120 180)
Total liabilities and net assets/equity	(126 046)

The Nippon Foundation grant was established in March 2007, following the signature of the Nippon Foundation grant agreement. Pursuant to this agreement, the Nippon Foundation contributed an amount of €200,000 to the Nippon Foundation's International Tribunal for the Law of the Sea capacity-building and training programme on dispute settlement under the United Nations Convention on the Law of the Sea. In accordance with regulation 6.5 of the Financial Regulations of the Tribunal,

a trust fund was subsequently established, and a special euro bank account named “Nippon Foundation grant” was set up with Deutsche Bank.

Since 2007, the Nippon Foundation has made annual contributions to the grant totalling €4,399,080 (including a contribution in April 2025 for the 2025–2026 programme in the amount of €284,600). At the beginning of the financial period 2025, the total reserves of the fund amounted to €125,105. In September 2025, an amount of €17,524 was surrendered to the Nippon Foundation. As at 31 December 2025, the balance of total reserves was €120,180.

B. Trust fund for the law of the sea for the period from 1 January to 31 December 2025

	2025
Revenue	
Contributions	(46 000)
Gain on exchange	(271)
Net revenue	(46 271)
Expenses	
Internship programme	29 128
Workshops	33 829
Bank charges	936
Non-refundable tax	72
Loss on exchange	144
Total expenses	64 109
(Surplus)/deficit for the period	17 838
Assets	
Cash and term deposits	255 066
Accounts receivable	15 000
Total assets	270 066
Liabilities	
Accounts payable	–
Total liabilities	–
Net assets/equity	
(Surplus)/deficit for prior periods	(287 903)
(Surplus)/deficit for the financial period 2025	17 838
Total net assets/equity	(270 065)
Total liabilities and net assets/equity	(270 065)

Pursuant to regulation 6.5 of its Financial Regulations, in October 2009, the Tribunal established a trust fund for the law of the sea. The trust fund is intended to promote the advancement of human resources in developing countries in the law of the sea and maritime affairs in general. Several contributions to the trust fund from various sources (the Korea Maritime Institute, China, Cyprus, France and Korwind) were received between 2009 and 2024. During the financial period 2025, two contributions from the Korea Maritime Institute totalling €31,000 and a contribution from Cyprus in the amount of €15,000 were received. Since July 2012, the trust fund has been used to support the Tribunal's internship programme to provide financial assistance to interns from developing countries and to finance regional workshops. In May 2025, a regional workshop was organized in Viet Nam. At the beginning of the financial period 2025, the total reserves of the fund amounted to €287,903. In 2025, the trust fund experienced deficit of €17,838 financed from previous periods' reserves (surplus of €15,959 in 2024). No funds were surrendered to donors in 2025. As at 31 December 2025, the balance of total reserves stood at €270,065.

C. Republic of Korea trust fund for the period from 1 January to 31 December 2025

	2025
Revenue	
Contributions	(269 986)
Gains on exchange	(35)
Net revenue	(270 021)
Expenses	
Tickets and DSA (judges)	29 332
Tickets and DSA (lecturers)	32 954
Tickets and DSA (participants)	110 159
Accommodation	44 076
Temporary assistance	36 706
Hospitality	24 098
Cleaning	580
Communications	4 933
Bank charges	859
Administrative expenses	368
Non-refundable taxes	403
Loss on exchange	119
Total expenses	285 577
Surplus for the period	15 556
Assets	
Cash and term deposits	162 177
Tax receivables	14 975
Total assets	177 152
Liabilities	
Accounts payable	–
Total liabilities	–
Net assets/equity	
(Surplus)/deficit for prior periods	(192 708)
(Surplus)/deficit for the financial period 2025	15 556
Total net assets/equity	(177 152)
Total liabilities and net assets/equity	(177 152)

Abbreviation: DSA, daily subsistence allowance.

The Republic of Korea trust fund was established in 2020 to provide financial assistance for the organization of workshops for legal advisers at the Tribunal. A workshop for legal advisers was organized in September 2025. During the financial period 2025, the Tribunal received a voluntary

contribution from the Republic of Korea in the amount of €269,986 (€295,739 in 2024). At the beginning of the financial period 2025, the total reserves of the fund amounted to €192,708. In 2025, the trust fund experienced a deficit of €15,556 financed from previous periods' reserves (surplus of €20,785 in 2024). As at 31 December 2025, the balance of total reserves stood at €177,152.

D. Junior Professional Officer trust fund for the period from 1 January to 31 December 2025

	2025
Revenue	
Contributions	(144 710)
Net revenue	(144 710)
Expenses	
Salary	75 126
Common staff costs	26 187
Programme support costs	20 200
Travel	3 699
Training	258
Bank charges	333
Total expenses	125 803
Surplus for the period	(18 907)
Assets	
Cash and term deposits	87 393
Accounts receivable	-
Total assets	87 393
Liabilities	
Accounts payable	(25)
Total liabilities	(25)
Net assets/equity	
(Surplus)/deficit for prior periods	(68 461)
(Surplus) for the financial period 2024	(18 907)
Total net assets/equity	(87 368)
Total liabilities and net assets/equity	(87 368)

The Junior Professional Officer (JPO) trust fund was established based on the memorandum of understanding between the Tribunal and the People's Republic of China signed on 1 December 2022. In June 2025, the contract of the Junior Professional Officer, originally appointed on 1 July 2024 for one year, was extended for another year until June 2026. On the basis of the cost estimates provided by the Tribunal, China made a contribution in the amount of €144,710 to the trust fund in June 2025 (€164,310 in 2024). At the beginning of the financial period of 2025, the total reserves of the fund amounted to €68,461. In 2025, the trust fund experienced a surplus of €18,907 (surplus of €68,461 in 2024). No surplus was surrendered to donors in 2025. As at 31 December 2025, the balance of total reserves stood at €87,368.

Annex 1. List of acronyms

BPK	:	<i>Badan Pemeriksa Keuangan</i>
ITLOS	:	International Tribunal for the Law of the Sea
IPSAS	:	International Public Sector Accounting Standards
IPSASB	:	International Public Sector Accounting Standards Board
ISA	:	International Standards on Auditing
ISSAI	:	International Standards of Supreme Audit Institutions
UNCLOS	:	United Nations Convention on the Law of the Sea