

**INTERNATIONAL SEABED AUTHORITY**

**YEAR ENDED DECEMBER 31, 2025**

**CONTENTS**

	Page
Independent Auditors' Report - to the members	1
 <b>FINANCIAL STATEMENTS</b>	
Statement of Financial Position	2
Statement of Financial Performance	3
Statement of Changes in Net Assets	4
Statement of Cash Flows	5
Statement of Comparison of Budget to Actual Amounts	6 – 9
Notes to the Financial Statements	10 – 35



**CalvertGordon Associates**  
Chartered Accountants

Suite 110 City Centre Building  
P.O. Box 60, Montego Bay  
Jamaica, W.I.  
Tell 876 952 4713-4

3rd Floor, 1 Eureka Crescent  
Kingston 5  
Jamaica, W.I.  
Tel: 876 922 6825-7

info@calgorassociates.com  
www.calgor.com

Page 1.1

## **INDEPENDENT AUDITORS' REPORT**

**To the members of**

### **INTERNATIONAL SEABED AUTHORITY**

#### **Report on the financial statements**

We have audited the financial statements of International Seabed Authority (the "Authority"), set out on Pages 2 to 35, which comprise the statement of financial position as at December 31, 2025, the statements of financial performance, changes in net assets, cash flows and comparison of budget to actual amounts for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Authority as at December 31, 2025, and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards ("IPSAS") and the financial regulations and legislative authority.

#### ***Basis for Opinion***

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Authority in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### ***Responsibilities of Management and those charged with governance for the Financial Statements***

Management is responsible for the preparation of financial statements that give a true and fair view 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 Authority'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 Authority or to cease operations, or has no realistic alternative but to do so.

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

**Report on the financial statements (Cont'd)**

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, 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 the Authority'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, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability 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 the Authority to cease to continue as a going concern.
- 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 presents a true and fair view.

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 additional matters as required by the Authority's Financial Regulations**

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, transactions are in accordance with the financial regulations and legislative authority.

*CalvertGordon Associates*  
Chartered Accountants  
Kingston, Jamaica.  
May 13, 2026

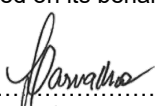
## INTERNATIONAL SEABED AUTHORITY

## STATEMENT OF FINANCIAL POSITION AT DECEMBER 31, 2025

	Notes	<u>2025</u> \$	<u>2024</u> \$
<b><u>ASSETS</u></b>			
<b>Current assets</b>			
Cash and cash equivalents	5	14,891,517	14,383,711
Members assessed contributions receivable	6	991,393	560,604
Other receivables	7	280,243	111,038
Advances to staff	8	<u>216,674</u>	<u>151,509</u>
<b>Total current assets</b>		<u>16,379,827</u>	<u>15,206,862</u>
<b>Non-current assets</b>			
Property and equipment	9	95,855	149,688
Right-of-use assets	10	<u>476,278</u>	<u>-</u>
<b>Total non-current assets</b>		<u>572,133</u>	<u>149,688</u>
<b>Total assets</b>		<u>16,951,960</u>	<u>15,356,550</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>			
<b>Current liabilities</b>			
Payable and accruals	11	1,442,258	1,093,343
Other provisions	12	1,682,936	1,031,133
Advance contributions	13	987,785	1,871,634
Lease liability	10	476,128	-
Repatriation benefits	14	<u>33,885</u>	<u>93,821</u>
<b>Total current liabilities</b>		<u>4,622,992</u>	<u>4,089,931</u>
<b>Non-current liabilities</b>			
Repatriation benefits	14	411,335	261,066
After service health insurance defined benefit	15	<u>2,251,000</u>	<u>1,891,000</u>
<b>Total non-current liabilities</b>		<u>2,662,335</u>	<u>2,152,066</u>
<b>Net Assets</b>			
Accumulated surplus: General Administration Fund (GAF)		5,651,187	4,182,879
Accumulated surplus: Non-general Administration Fund (Non-GAF)		6,266,446	6,822,674
Other reserve	15	<u>(2,251,000)</u>	<u>(1,891,000)</u>
<b>Total net assets</b>		<u>9,666,633</u>	<u>9,114,553</u>
<b>Total liabilities and net assets</b>		<u>16,951,960</u>	<u>15,356,550</u>

The Notes on Pages 10 to 35 form an integral part of the Financial Statements.

The financial statements on Pages 2 to 35 were approved and authorized for issue on 13 May 2026 and are signed on its behalf by:

  
 .....  
 Madam Secretary-General

**INTERNATIONAL SEABED AUTHORITY**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**YEAR ENDED DECEMBER 31, 2025**

	<u>Notes</u>	<u>2025</u> \$	<u>2024</u> \$
<b>REVENUE</b>			
Contributions:			
Assessed contributions	16	10,415,502	8,553,812
Voluntary contributions		1,018,757	1,017,442
Assessed working capital	28 (a)	18,748	23,924
The Enterprise	17	293,000	306,240
Overhead charges	18	<u>2,400,000</u>	<u>2,400,000</u>
Total contributions and other budgeted income		<u>14,146,007</u>	<u>12,301,418</u>
Other income:			
Interest income	19	348,124	399,648
Miscellaneous income	20	634,428	73,977
Cost recovery charges	28 (e)	<u>154,052</u>	<u>171,134</u>
Total other income		<u>1,136,604</u>	<u>644,759</u>
<b>Total revenue</b>		<u>15,282,611</u>	<u>12,946,177</u>
<b>EXPENSES</b>			
Administrative expenditure of the secretariat (Section 1)	21	9,028,501	7,775,943
Cost of conference services (Section 2)	22	1,318,455	1,037,540
Cost of programmes (Sections 3 - 5)	23	2,118,071	2,440,591
Voluntary Trust Fund expenditure	28 (c)	241,536	186,399
Support Trust Fund expenditure	28 (d)	678,408	524,254
Cost Recovery expenditure	28 (e)	175,000	147,331
ISA Partnership Fund expenditure	28 (f)	568,943	435,033
Depreciation	9	53,833	72,985
Change in provision for uncollected contribution	6	89,653	( 19,810)
After service health insurance benefit charge	15, 21	<u>72,000</u>	<u>94,000</u>
<b>Total expenses</b>		<u>14,344,400</u>	<u>12,694,266</u>
<b>SURPLUS FOR THE YEAR</b>		<u>938,211</u>	<u>251,911</u>
<b>Classified as:</b>			
Surplus for the year: GAF		1,566,439	190,336
(Deficit)/Surplus for the year: Non GAF		( 556,228)	155,575
Other reserves		<u>( 72,000)</u>	<u>( 94,000)</u>
		<u>938,211</u>	<u>251,911</u>

The Notes on Pages 10 to 35 form an integral part of the Financial Statements.

**INTERNATIONAL SEABED AUTHORITY**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2025**

	Accumulated Surplus: GAF \$	Accumulated Surplus: Non-GAF \$	Other Reserve \$	Total \$
Balance at December 31, 2023	3,992,543	6,667,099	(1,914,000)	8,745,642
Remeasurement losses on after service health benefit	-	-	117,000	117,000
Surplus/(Deficit) for the year	<u>190,336</u>	<u>155,575</u>	<u>( 94,000)</u>	<u>251,911</u>
Balance at December 31, 2024	4,182,879	6,822,674	(1,891,000)	9,114,553
Refund balance on application fees	( 98,131)	-	-	( 98,131)
Remeasurement losses on after service health benefit	-	-	( 288,000)	( 288,000)
Surplus/(Deficit) for the year	<u>1,566,439</u>	<u>( 556,228)</u>	<u>( 72,000)</u>	<u>938,211</u>
Balance at December 31, 2025	<u>5,651,187</u>	<u>6,266,446</u>	<u>(2,251,000)</u>	<u>9,666,632</u>

The Notes on Pages 10 to 35 form an integral part of the Financial Statements.

## INTERNATIONAL SEABED AUTHORITY

## STATEMENT OF CASH FLOWS

## YEAR ENDED DECEMBER 31, 2025

	<u>Note</u>	<u>2025</u> \$	<u>2024</u> \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Surplus for the year		938,211	251,911
Adjustments for:			
Application fee refund		( 98,131)	-
Charge recognized in respect of after service health insurance		187,000	192,000
Depreciation		53,833	72,985
Amortization of right-of-use asset		156,509	-
Interest expense on lease liability		21,654	-
Expected credit loss recognized on contributions receivable		<u>89,653</u>	<u>( 19,810)</u>
Operating cash flows before movement in working capital		1,348,729	497,086
Movement in working capital:			
(Increase)/Decrease in contributions receivable		( 520,442)	141,233
(Increase)/Decrease in other receivables		( 176,955)	182,946
Increase in advances to staff		( 65,165)	( 11,534)
Increase in other provisions		651,803	162,917
Decrease in advance contributions		( 883,849)	( 579,064)
Increase in repatriation benefits		90,333	52,432
Increase in payables and accruals		348,915	228,906
Contributions paid		<u>( 115,000)</u>	<u>( 98,000)</u>
Net cash generated from operating activities		<u>678,369</u>	<u>576,922</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Lease payments		<u>( 170,563)</u>	<u>-</u>
Cash used in financing activities		<u>( 170,563)</u>	<u>-</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		507,806	576,922
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<u>14,383,711</u>	<u>13,806,789</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		<u>14,891,517</u>	<u>14,383,711</u>

The Notes on Pages 10 to 35 form an integral part of the Financial Statements.

## INTERNATIONAL SEABED AUTHORITY

## STATEMENT OF COMPARISON OF BUDGET TO ACTUAL AMOUNTS

YEAR ENDED DECEMBER 31, 2025

Budget line	<u>Adjustments to IPSAS</u>			<u>Cash Based Figures</u>			
	<u>Original Budget</u>	<u>Actual</u>	<u>Balance</u>	<u>Amount</u>	<u>Comments</u>	<u>Actual</u>	<u>Balance</u>
	\$	\$	\$	\$		\$	\$
<b>Section 1. Administrative expenditures of the secretariat</b>							
Established posts	4,511,000	4,410,401	100,599	15,655	Provision	4,394,746	116,254
Common staff costs	2,541,000	3,211,832	(670,832)	298,839	Provision	2,912,993	( 371,993)
General Temporary Assistance	23,000	26,872	( 3,872)	-		26,872	( 3,872)
Overtime	15,000	19,473	( 4,473)	701	Provision	18,772	( 3,772)
Consultants (non-programme)	20,000	19,527	473	-		19,527	473
Training	70,000	48,454	21,546	-		48,454	21,546
Official travel (non-programme)	110,000	109,624	376	5,903	Provision	103,721	6,279
Communications	90,000	99,415	( 9,415)	26,942	Provision	72,473	17,527
Library books and supplies	75,000	12,125	62,875	-		12,125	62,875
External printing (20 percent non-programme)	7,000	90	6,910	-		90	6,910
Supplies and materials	74,000	45,623	28,377	-		45,623	28,377
Official hospitality	8,000	2,932	5,068	148	Provision	2,784	5,216
Information technology	60,000	51,204	8,796	6,145	Provision	45,059	14,941
Acquisition of equipment and furniture and others	63,000	66,370	( 3,370)	791	Provision	65,579	( 2,579)
Rental and maintenance of equipment and furniture	23,000	15,539	7,461	1,603	Provision	13,936	9,064
United Nations common system	125,000	120,017	4,983	30,391	Provision	89,626	35,374
Miscellaneous services and costs	93,000	94,725	( 1,725)	282	Provision	94,443	( 1,443)
Audit fees	20,000	25,905	( 5,905)	20,105	Provision	5,800	14,200
Building management	465,000	575,329	( 110,329)	29,683	Provision	545,646	( 80,646)
International Public Sector Accounting Standards/Enterprise Resource Planning (IPAS/ERP)	40,000	63,149	( 23,149)	-		63,149	( 23,149)
Software licenses and subscriptions	<u>82,000</u>	<u>81,895</u>	<u>105</u>	<u>-</u>		<u>81,895</u>	<u>105</u>
<b>Total: Administrative expenditures of the Secretariat</b>	<u>8,515,000</u>	<u>9,100,501</u>	<u>(585,501)</u>	<u>437,188</u>		<u>8,663,313</u>	<u>(148,313)</u>

## INTERNATIONAL SEABED AUTHORITY

## STATEMENT OF COMPARISON OF BUDGET TO ACTUAL AMOUNTS (Cont'd)

YEAR ENDED DECEMBER 31, 2025

Budget line	<i>Adjustments to IPSAS</i>			<i>Cash Based Figures</i>			
	<u>Original Budget</u>	<u>Actual</u>	<u>Balance</u>	<u>Amount</u>	<u>Comments</u>	<u>Actual</u>	<u>Balance</u>
	\$	\$	\$	\$		\$	\$
<b>Section 2. Conference Services</b>							
Printing and supplies	1,000	1,238	( 238)	-		1,238	( 238)
Miscellaneous conference service costs	92,000	116,996	( 24,996)	6,622	Provision	110,374	( 18,374)
Rental of Jamaica Conference Centre	86,000	152,430	( 66,430)	-		152,430	( 66,430)
Temporary assistance (meetings)	65,000	58,960	6,040	-		58,960	6,040
Rental of equipment	28,000	786	27,214	-		786	27,214
Local transportation	7,000	8,280	( 1,280)	-		8,280	( 1,280)
Interpretation services	725,000	675,475	49,525	-		675,475	49,525
Documentation	660,000	286,128	373,872	132,019	Provision	154,109	505,891
Reception	<u>13,000</u>	<u>18,162</u>	<u>( 5,162)</u>	<u>-</u>		<u>18,162</u>	<u>( 5,162)</u>
<b>Total: Cost of conference services</b>	<u>1,677,000</u>	<u>1,318,455</u>	<u>358,545</u>	<u>138,641</u>		<u>1,179,814</u>	<u>497,186</u>
<b>Section 3. Programme expenditures</b>							
<b>Programme 3.1 Development of the regulatory framework of activities in the Area</b>							
Consultants	163,000	179,546	( 16,546)	800	Provision	178,746	( 15,746)
External printing	5,000	1,114	3,886	500	Provision	614	4,386
Travel	27,000	26,757	243	15,193	Provision	11,564	15,436
Workshops	<u>78,000</u>	<u>42,481</u>	<u>35,519</u>	<u>-</u>		<u>42,481</u>	<u>35,519</u>
<b>Subtotal: Programme 3.1</b>	<u>273,000</u>	<u>249,898</u>	<u>23,102</u>	<u>16,493</u>		<u>233,405</u>	<u>39,595</u>
<b>Programme 3.2 Protection of the marine environment</b>							
Consultants	162,000	39,500	122,500	16,500	Provision	23,000	139,000
External printing	11,000	-	11,000	-		-	11,000
Travel	54,000	41,998	12,002	11,416	Provision	30,582	23,418
Workshops	<u>135,000</u>	<u>46,284</u>	<u>88,716</u>	<u>4,215</u>		<u>42,069</u>	<u>92,931</u>
<b>Subtotal: Programme 3.2</b>	<u>362,000</u>	<u>127,782</u>	<u>234,218</u>	<u>32,131</u>		<u>95,651</u>	<u>266,349</u>

## INTERNATIONAL SEABED AUTHORITY

## STATEMENT OF COMPARISON OF BUDGET TO ACTUAL AMOUNTS (Cont'd)

YEAR ENDED DECEMBER 31, 2025

Budget line	<u>Adjustments to IPSAS</u>			<u>Cash Based Figures</u>		Actual	Balance
	<u>Original Budget</u>	<u>Actual</u>	<u>Balance</u>	<u>Amount</u>	<u>Comments</u>		
	\$	\$	\$	\$		\$	\$
<b>Programme 3.4 Data management (resource and environment)</b>							
Consultants	81,000	18,334	62,666	18,334	Provision	-	81,000
External printing	5,000	-	5,000	-		-	5,000
Travel	22,000	-	22,000	-		-	22,000
Workshops	73,000	-	73,000	-		-	73,000
Information technology	16,000	64,823	( 48,823)	55,000	Provision	9,823	6,177
Maintenance and support	<u>81,000</u>	<u>85,373</u>	<u>( 4,373)</u>	<u>64,000</u>	Provision	<u>21,373</u>	<u>59,627</u>
<b>Subtotal: Programme 3.4</b>	<u>278,000</u>	<u>168,530</u>	<u>109,470</u>	<u>137,334</u>		<u>31,196</u>	<u>246,804</u>
<b>Programme 3.5 Promotion and encouragement of marine scientific research in the Area</b>							
Consultants	76,000	31,000	45,000	-		31,000	45,000
External printing	8,500	1,622	6,878	420	Provision	1,202	7,298
Travel	38,000	33,841	4,159	6,660	Provision	27,181	10,819
Workshops	<u>81,000</u>	<u>47,164</u>	<u>33,836</u>	<u>-</u>		<u>47,164</u>	<u>33,836</u>
<b>Subtotal: Programme 3.5</b>	<u>203,500</u>	<u>113,627</u>	<u>89,873</u>	<u>7,080</u>		<u>106,547</u>	<u>96,953</u>
<b>Programme 3.6 Outreach Activities</b>							
Consultants	67,000	66,054	946	10,115	Provision	55,939	11,061
External printing	28,000	18,780	9,220	1,924	Provision	16,856	11,144
Travel	32,000	12,363	19,637	-		12,363	19,637
Workshops	3,000	-	3,000	-		-	3,000
Equipment	9,000	-	9,000	-		-	9,000
Training	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>-</u>		<u>-</u>	<u>5,000</u>
<b>Subtotal: Programme 3.6</b>	<u>144,000</u>	<u>97,197</u>	<u>46,803</u>	<u>12,039</u>		<u>85,158</u>	<u>58,842</u>

## INTERNATIONAL SEABED AUTHORITY

## STATEMENT OF COMPARISON OF BUDGET TO ACTUAL AMOUNTS (Cont'd)

YEAR ENDED DECEMBER 31, 2025

Budget line	<u>Adjustments to IPSAS</u>			<u>Cash Based Figures</u>			
	<u>Original Budget</u>	<u>Actual</u>	<u>Balance</u>	<u>Amount</u>	<u>Comments</u>	<u>Actual</u>	<u>Balance</u>
	\$	\$	\$	\$		\$	\$
<b>Programme 3.7 Capacity development and technical cooperation management</b>							
Consultants	19,000	41,523	( 22,523)	-		41,523	( 22,523)
External printing	19,000	-	19,000	-		-	19,000
Travel	60,000	8,823	51,177	-		8,823	51,177
Workshops	<u>95,000</u>	<u>60,000</u>	<u>35,000</u>	<u>60,000</u>	Provision	<u>-</u>	<u>95,000</u>
<b>Subtotal: Programme 3.7</b>	<u>193,000</u>	<u>110,346</u>	<u>82,654</u>	<u>60,000</u>		<u>50,346</u>	<u>142,654</u>
<b>Programme 3.8 Mineral resources and mining technologies</b>							
Consultants	70,000	-	70,000	-		-	70,000
External printing	5,000	-	5,000	-		-	5,000
Travel	27,000	36,504	( 9,504)	20,061	Provision	16,443	10,557
Workshops	<u>103,000</u>	<u>50,112</u>	<u>52,888</u>	<u>-</u>		<u>50,112</u>	<u>52,888</u>
<b>Subtotal: Programme 3.8</b>	<u>205,000</u>	<u>86,616</u>	<u>118,384</u>	<u>20,061</u>		<u>66,555</u>	<u>138,445</u>
<b>Programme 3.9 2025 United Nations Ocean Conference</b>	<u>100,000</u>	<u>99,911</u>	<u>89</u>	<u>-</u>		<u>99,911</u>	<u>89</u>
<b>Total: Section 3 Programme expenditures</b>	<u>1,758,500</u>	<u>1,053,907</u>	<u>704,593</u>	<u>285,138</u>		<u>768,769</u>	<u>989,731</u>
<b>Section 4. Compliance Assurance and Regulatory Management Unit</b>							
Salaries	475,000	390,068	84,932	-		390,068	84,932
Common staff costs	233,000	221,405	11,595	7,186	Provision	214,219	18,781
Travel	32,000	47,734	( 15,734)	-		47,734	( 15,734)
Workshops	28,000	27,259	741	-		27,259	741
Consultants	68,000	67,400	600	42,000	Provision	25,400	42,600
Equipment and printing	<u>12,000</u>	<u>11,856</u>	<u>144</u>	<u>-</u>		<u>11,856</u>	<u>144</u>
<b>Total: Section 4</b>	<u>848,000</u>	<u>765,722</u>	<u>82,278</u>	<u>49,186</u>		<u>716,536</u>	<u>131,464</u>
<b>Section 5. The Enterprise</b>	<u>293,000</u>	<u>298,442</u>	<u>( 5,442)</u>	<u>479</u>	Provision	<u>297,963</u>	<u>( 4,963)</u>
<b>Total expenditures</b>	<u>13,091,500</u>	<u>12,537,027</u>	<u>554,473</u>	<u>910,632</u>		<u>11,626,395</u>	<u>1,465,105</u>

The Notes on Pages 10 to 35 form an integral part of the Financial Statements.

**INTERNATIONAL SEABED AUTHORITY****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED DECEMBER 31, 2025****1 IDENTIFICATION**

- (a) The International Seabed Authority (the "Authority") is an intergovernmental organization. It is established by the 1982 United Nations Convention on the Law of the Sea and the 1994 Agreement relating to the implementation of Part XI of the Convention and came into existence on 16 November 1994. The Authority has 171 members as at December 31, 2025 (2024: 170 members).
- (b) The Authority has its headquarters in Kingston, Jamaica. The governing bodies of the Authority are the Assembly, which comprises all members of the Authority, and the Council, which consists of 36 members elected for a term of four years on a rotational basis. The Finance Committee is a subsidiary body of the Assembly. It has 15 elected members, which must include representatives of the five largest contributors to the administrative budget. A Legal and Technical Commission, currently consisting of 41 elected members, acts as a subsidiary body to the Council. The secretariat, which is based in Kingston, consists of a Secretary-General, elected for a period of four years, and administrative and technical staff. The current approved establishment of the secretariat is 55 Posts (2024: 55 Posts).
- (c) The Assembly and Council meet once per year in Kingston. The Legal and Technical Commission meets twice per year. The organs of the Authority operate in the six official languages of the United Nations (Arabic, Chinese, English, French, Russian and Spanish). Translation of official documentation and interpretation services are provided, on a cost reimbursement basis, by the United Nations under a relationship agreement between the Authority and the United Nations signed in 1997. The working languages of the Secretariat are English and French.
- (d) The primary function of the Authority is to manage deep seabed mining in the international seabed area (the subsoil beyond the limits of national jurisdiction). It does this through issuing contracts to qualified entities allowing them to explore for or exploit seabed mineral resources. The regulatory framework for these activities is laid down in the 1982 Convention, the 1994 Agreement and in regulations of the International Seabed Authority. The Authority had approved 31 contracts for exploration as of December 31, 2025 (2024: 30 contracts). The contracts are issued following approval by the Council of the International Seabed Authority, based on the recommendations of the Legal and Technical Commission. Exploration contracts last for 15 years, with the possibility of extensions for periods of five years each. Seabed mineral exploitation has not yet commenced, primarily owing to technical and financial challenges, as well as the lack of a regulatory framework. The Council has determined that the development of a regulatory framework for exploitation, including financial terms and standards for the protection of the marine environment, should be a priority for the Authority.
- (e) Until such time as deep seabed mining commences, the income of the Authority shall be from assessed contributions by member states. The scale of contributions is based on the scale of contributions of the United Nations, adjusted for difference in membership. Limited cost recovery takes place through the imposition of application fees for new contracts and an annual overhead charge for existing contracts. Once deep seabed mining begins, the Authority will collect revenue from contractors in the form of royalties or other payments. Such income will be allocated to meet the administrative expenses of the Authority, with the surplus to be distributed to member states based on equitable sharing criteria, with priority going to the least developed and landlocked States. The financial terms of contracts and criteria for sharing financial and economic benefits from deep seabed mining are yet to be developed.
- (f) In support of its primary function, the Authority is also required to promote and encourage the conduct of marine scientific research in the international seabed area. This is achieved through conducting technical studies and workshops, collaboration in international scientific research programmes and administration of an Endowment Fund for Marine Scientific Research through which grants may be awarded to scientists from developing countries for scientific research and training.

**INTERNATIONAL SEABED AUTHORITY****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED DECEMBER 31, 2025****1 IDENTIFICATION (Cont'd)**

(g) In addition to the above, the Authority is currently concentrating on the following activities:

1. Providing secretariat support to the organs of the Authority;
2. Preparing draft regulations for seabed mineral exploitation for consideration by the Legal and Technical Commission and the Council, including preparing studies on key issues, convening workshops and technical meetings and legal drafting;
3. Processing new applications for exploration contracts;
4. Administering existing contracts for exploration, including reviewing annual reports of contractors, analyzing data submitted by contractors and managing training programmes;
5. Building and maintaining a database on deep seabed minerals and related environmental characteristics, and managing access to data;
6. Developing regional environmental management plans to ensure the protection of the marine environment from the harmful effects of deep seabed mining; and
7. Publishing technical reports, studies and briefings on issues of interest to member states.
8. Capacity development and technical cooperation.
9. Mineral resources and mining technologies.

**2 CHANGES IN ACCOUNTING POLICIES AND ESTIMATES*****Standards adopted during the year***

The Authority recognizes the effect of changes in the accounting policy retrospectively. The effect of changes in accounting policy is applied prospectively if retrospective application is impractical. The following Standards were adopted during the year:

***IPSAS 43 Leases***

In January 2022, the International Public Sector Accounting Standards Board (IPSASB) issued IPSAS 43 – Leases, which replace IPSAS 13 – Leases. IPSAS 43 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases unless the lease term is 12 –months or less or the underlying assets have a low value. IPSAS 43 substantially carries forward the lessor accounting in IPSAS 13 with the distinction between operating and finance leases being retained.

The Authority has been in the process of reviewing all its leasing arrangements, and IPSAS 43 was applied for annual periods beginning on or after January 1, 2025.

The most significant impact identified by the Authority was to recognize new assets and liabilities for its operating leases of office and residential spaces. In addition, the nature of expenses related to these leases will now change as IPSAS 43 replaces the straight-line operating lease expense with a depreciation charge for the right of use assets and interest expense on lease liabilities. The Authority has applied IPSAS 43 using the modified retrospective approach and therefore comparative information has not been restated. This means comparative information is still reported under IPSAS 13.

On the date of initial application of IPSAS 43, the Authority recognized the right of use assets and lease liabilities of \$113,862 respectively. See Note 10. There was no effect of these adjustments on reserves.

The weighted average lessee incremental borrowing rate applied to lease liabilities recognized in the statement of financial position on January 1, 2025, is 9%.

## INTERNATIONAL SEABED AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2025

## 2 CHANGES IN ACCOUNTING POLICIES AND ESTIMATES (Cont'd)

*Standards adopted during the year (Cont'd)***IPSAS 45 Property, Plant and Equipment**

The Standard prescribes the accounting treatment for property, plant and equipment so that users of financial statements can discern information about the entity's investment in its property, plant and equipment and the changes to such investments. The standard replaces IPSAS 17, Property, Plant, and Equipment by adding current operational value as a measurement basis in the updated current value model for assets within its scope, identifying the characteristics of heritage and infrastructure assets, and adding new guidance on how these important types of public sector assets should be recognized and measured. The adoption of the standard has no impact on Authority's financial statements other than additional disclosures.

**IPSAS 46 Measurement**

The standard is effective for annual period beginning on or after January 1, 2025, with earlier application permitted. The standard provides requirements for the initial and subsequent measurement of assets and liabilities. It confirms the requirements for initial valuation at historical cost and fair value (previously fair market value) existing in IPSAS 17 with more detailed information on the use of these measurement techniques. The standard also provides additional information on the use of current operational value for assets used in an entity's operations (providing service potential) and introduces a new measurement basis "cost of fulfilment" for the valuation of the costs of fulfilling obligations in the least costly manner. The adoption of the standard has no impact on Authority's financial statements other than additional disclosures.

**Standards in issue not yet effective**

At the date of authorization of these financial statements, the following Standards were in issue but not effective or early adopted for the financial period being reported on:

<u>New and Revised Standards</u>		<u>Effective for annual periods beginning on or after</u>
IPSAS 12	Inventories - Amendments to include guidance for stripping costs in the production phase of a surface mine	January 1, 2027
IPSAS 47	Revenue	January 1, 2026
IPSAS 48	Transfer Expenses	January 1, 2026
IPSAS 49	Retirement Benefit Plans	January 1, 2026
IPSAS 50	Exploration for and Evaluation of Mineral Resources	January 1, 2027

The Authority will assess the relevant Standards and consider for implementation at their effective dates.

**INTERNATIONAL SEABED AUTHORITY****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED DECEMBER 31, 2025****3 ACCOUNTING POLICIES****Basis of preparation****(a) Accounting convention**

The financial statements have been prepared on the accrual basis of accounting in accordance with the Financial Regulations (ISBA/6/A/3), Financial Rules of the Authority (ST/SGB/2008/02) and the International Public Sector Accounting Standards (IPSAS) developed and published by the international Public Sector Accounting Standards Board (IPSASB).

The financial statements have been prepared using the historical cost measurement basis and on a going concern basis.

Up to 2019, the financial statements reflected the assets, liabilities, and transactions relating to the General Administrative Fund only. The Authority also administers the following funds:

- Working Capital Fund
- Endowment Fund
- Voluntary Trust Fund
- Support Trust Fund
- Cost Recovery Fund
- ISA Partnership Fund

Following the implementation of Enterprise Reporting System (ERP) in 2020, the above funds were incorporated in the Authority's accounting records. Accordingly, the bank accounts related to these funds were also captured in the accounting records. The status of these funds is set out in Note 28.

**(b) Use of estimates and assumptions**

The financial statements necessarily include amounts based on judgements, estimates and assumptions by management. Estimates include but are not limited to recoverability of accounts receivable; accrued charges; contingent assets and liabilities; and degree of impairment on property and equipment. Material changes in estimates are reflected in the period in which they become known.

As disclosed in Note 15, the Authority operates provides post-retirement medical benefits. The amounts shown in the statement of financial position as a liability of approximately \$2.251 million (2024: \$1.891 million) in respect of the post-retirement medical benefit are subject to estimates in respect of periodic costs which net costs would be dependent on inflation rates and rates of increases in medical costs for the post-retirement medical plan. External actuaries are contracted by the Authority in this regard.

Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. The assumptions are reviewed at each reporting date.

The discount rates which are used to determine the present value of estimated cash outflows expected to be required to settle any future medical obligation are determined at the end of each reporting period by the contracted external actuaries. The Authority's defined benefit obligation is discounted at a rate set by reference to long-term yields at the end of the reporting period on high quality corporate bonds or, in their absence, certain Government securities. Significant judgement is required when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of the bonds include the issue size of the bonds and the quality of the bonds.

Judgement is also exercised in determining the proportionate share of the health obligation and cost as well as the extent that the surplus or deficit in the plan may affect future contributions to the plan. Details of sensitivity analyses in respect of the post-retirement medical benefits are disclosed at Note 15(f).

**INTERNATIONAL SEABED AUTHORITY****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED DECEMBER 31, 2025****3 ACCOUNTING POLICIES (Cont'd)****Functional and presentation currency**

The financial statements are presented in United States dollars, which is the functional currency of the Authority, unless otherwise stated.

**Foreign currencies**

In preparing the financial statements of the Authority, transactions in currencies other than the Authority's functional currency, are reported at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated using the United Nations Operational Rate of Exchange (UNORE) rates prevailing on that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences are recognized in the statement of financial performance in the period in which they arise.

**Presentation of budget information**

The Authority prepares its annual financial statements on a fully accrual basis, while its budget is prepared annually on a modified accrual basis.

Due to the different bases of budgets and financial statements, Statement 5 - Comparison of budget and actual amounts, as required under IPSAS 24 - Presentation of Budget Information in Financial Statements, is presented with explanations and clarifications of material variances between budget and actual data.

**Financial Instruments**Initial recognition and measurement

Contributions receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Authority becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is initially measured at fair value plus, for an item not at FVTSD, transaction costs that are directly attributable to its acquisition or issue. At initial recognition, the Authority measures receivables and payables at the original invoice amount if the effect of discounting is immaterial.

Classification and subsequent measurement*Financial assets*

On initial recognition, a financial asset is classified as measured at: amortized cost or fair value through surplus or deficit (FVTSD).

Financial assets are not reclassified subsequent to their initial recognition unless the Authority changes its management model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the management model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTSD:

- it is held within a management model whose objective is to hold assets to collect contractual cash flow; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**INTERNATIONAL SEABED AUTHORITY****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED DECEMBER 31, 2025****3 ACCOUNTING POLICIES (Cont'd)****Financial Instruments (Cont'd)*****Financial assets (Cont'd)***Management model assessment

The Authority assesses the objective of the management model in which a financial asset is held at a portfolio level because this best reflects the way the organization is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Authority's management;
- the risks that affect the performance of the management model (and the financial assets held within that management model) and how those risks are managed.

Subsequent measurement and gains and losses

*Financial assets at fair value through surplus or deficit* – These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in surplus or deficit

*Financial assets at amortized cost* – These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in surplus or deficit. Any gain or loss on derecognition is recognized in surplus or deficit.

***Financial liabilities***Classification, subsequent measurement and gains and losses

Financial liabilities are classified as financial liabilities at fair value through surplus or loss or amortized cost. The Authority determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and plus directly attributable transaction costs (where applicable).

The Authority's financial liabilities include payables and advanced contributions. Any gain or loss on derecognition is also recognized in surplus or deficit.

Derecognition***Financial assets***

The Authority derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Authority neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Authority enters into transactions whereby it transfers assets recognized in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

***Financial liabilities***

The Authority derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Authority also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in surplus or deficit.

## INTERNATIONAL SEABED AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED DECEMBER 31, 2025

## 3 ACCOUNTING POLICIES (Cont'd)

**Financial Instruments (Cont'd)*****Financial assets (Cont'd)***Impairment of financial assets

The Authority recognizes loss allowances for expected credit losses (ECLs) on financial assets measured at amortized cost.

The Authority measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Authority applies a simplified approach in calculating ECLs. Therefore, the Authority does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Authority has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Authority expects to receive).

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of assets.

The Authority assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

**Property and equipment**

Property and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition or construction of the PE items.

Subsequent costs, for which asset recognition criteria are met, are included in the asset's carrying amount only when they improve the condition of the fixed asset and extend the asset's useful life.

Property and equipment are recognized from the time they first become available for use by the Authority. A capitalization threshold of US\$3,000 has been set for property and equipment items other than leasehold improvements. For leasehold improvements, the threshold is set at US\$50,000.

Depreciation is calculated using the straight-line method to spread the expenses over the estimated useful life. The basis for depreciation is the acquisition cost less than the estimated residual value. The estimated useful lives for each class of property and equipment are as follows:

Computer equipment	2- 4 Years
Office equipment	5 Years
Motor vehicles	5 Years
Furniture and Fixtures	5 Years
Leasehold improvements	10 Years

**INTERNATIONAL SEABED AUTHORITY****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED DECEMBER 31, 2025****3 ACCOUNTING POLICIES (Cont'd)****Property and equipment (Cont'd)**

Depreciation is charged monthly. Residual values of items of property and equipment are reviewed at each annual reporting date. In practice the residual value is set at nil. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are disclosed under other revenue or expenses in the statement of financial performance.

**Impairment of tangible assets**

At the end of each reporting date, the Authority reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Authority estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than the carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized in the statement of financial performance.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

**Leases**

The Authority assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**The Authority as a lessee**

The Authority applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low value assets. The Authority recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**Right-of-use assets**

The Authority recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying assets is available for use). The right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of the initial lease liabilities recognized, initial direct costs incurred, and lease payments made on or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Properties – 4 to 5 yrs.

If ownership of the leased asset transfers to the Authority at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

**Lease liabilities**

At the commencement date of the lease, the Authority recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentive receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

**INTERNATIONAL SEABED AUTHORITY****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED DECEMBER 31, 2025****3 ACCOUNTING POLICIES (Cont'd)****Leases (Cont'd)**Lease liabilities (Cont'd)

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Authority and payments of penalties for terminating the lease, if the lease term reflects the Authority exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Authority uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Leases of low-value assets

The Authority has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets. The Authority recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**Provision and contingent liabilities**

Provisions for liabilities and charges are recognized when the Authority has a present legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of resources will be required to settle the 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 as at the reporting date. The estimate is discounted when the effect of the time value of money is material.

Contingent liabilities for which the possible obligation is uncertain, or for which it is yet to be confirmed whether the Authority has a present obligation that could lead to an outflow of resources, or obligations that do not meet the recognition criteria here above (as per IPSAS 19), are disclosed.

**Employee benefits**

Employees are defined as staff members, within the meaning of Article 167 of the United Nations Convention on the Law of the Sea, whose employment and contractual relationship is defined by a letter of appointment, subject to the regulations promulgated by the Assembly of the Authority pursuant to Article 167, paragraph 3, of the Convention. In practice, this means those persons with a temporary, fixed-term or permanent contract.

Obligations for new employees are recognized from the date they report to their duty station.

The Authority's employee benefits are classified into short-term and post-employment benefits.

**(a) Short-term employee benefits**

Short-term employee benefits are employee entitlements that are due to be settled within 12 months after the end of the reporting period in which the employee renders the related service. These benefits include annual and home leave.

Annual leave is an accumulating compensated absence. Employees are entitled to monetary settlement of the accrued annual leave balance upon separation from service, up to a maximum of 60 days. The organization therefore recognizes liability for the value of the total accumulated leave days of all staff members as of the reporting date.

## INTERNATIONAL SEABED AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED DECEMBER 31, 2025

## 3 ACCOUNTING POLICIES (Cont'd)

**Employee benefits (Cont'd)**

## (a) Short-term employee benefits (Cont'd)

Home leave travel is available to eligible staff and dependents. The liability represents the expected travel cost of the next home leave entitlement for qualifying staff, as adjusted for the proportion of service yet to be performed until the benefit is vested.

Owing to the short-term nature of these entitlements, the liability is not discounted for the time value of money.

## (b) Post-employment employee benefits

Post-employment benefits provided by the Authority are:

- (i) After-service health insurance, which provides worldwide coverage for necessary medical expenses of eligible former staff members and their dependents. The after-service health insurance liability represents the present value of the share of the Authority's medical insurance costs for retirees and the post-retirement benefit accrued to date by active staff;
- (ii) End-of-service entitlements, which comprise the repatriation grant, shipping costs and travel expenses. A liability is recognized from when the staff member joins the Authority.

## (c) United Nations Joint Staff Pension Fund (UNJSPF or the "Pension Fund")

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

The Pension Fund exposes participating organizations to actuarial risks associated with the current and former employees of other participating organizations, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual organizations participating in the plan. The Authority and the Pension Fund, in line with the other participating organizations, are not in a position to identify the Authority's proportionate share of the defined benefit obligations, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Therefore, the Authority has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 39. The Authority's contributions to the Pension Fund during the financial period are recognized as expenses in the statement of financial performance. The pension and health benefits are categorized as defined benefit plans.

Defined benefit plans are those where the obligation of the Authority is to provide agreed benefits and therefore the Authority bears the actuarial risk, that is, that the benefits will cost more or less than expected.

The liability for defined benefit plans is measured at the present value of the defined benefit obligation net of the fair value of the plan assets. Movements in the liability from the actuarial gains and losses are recognized in statement of financial position. All other changes in the liability are recognized in the statement of financial performance in the period in which they occur.

**Related parties**

The Authority regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Authority. Members of key management are regarded as related parties which comprise of the Secretary General, the Deputy to the Secretary-General and the Office Directors.

**INTERNATIONAL SEABED AUTHORITY****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED DECEMBER 31, 2025****3 ACCOUNTING POLICIES (Cont'd)****Revenue****(a) Revenue from non-exchange transactions**

The Authority's revenue from non-exchange transactions such as assessed contributions from Member States is recognized to the extent that the transaction creates an asset without a corresponding deferred revenue liability. When the transaction has stipulations that amount to conditions attached, revenue is recognized only to the extent that any corresponding asset exceeds the liability.

The Authority recognizes loss allowances for expected credit losses (ECLs) are recognized on receivables relating to non-exchange revenue. All contributions receivables are presented in statement of financial position net of these allowances.

The Authority has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Authority recognizes revenue under exchange transactions when it is probable that future economic benefits or service potential will flow to the Authority and those benefits can be measured reliably. No revenue is recognized unless these two primary conditions are met. Interest income is accrued on a time-apportionment basis by reference to the principal sum outstanding and the effective interest rate applicable.

**(a) Goods-in-kind contributions**

Goods-in-kind contributions are recognized at their fair value, and goods and corresponding revenue are recognized immediately if no conditions are attached. If conditions are attached, a liability is recognized until such conditions are met and the present obligation is satisfied. Revenue is recognized at fair value, measured as at the date the donated assets are acquired.

**(b) Services-in-kind contributions**

Services-in-kind contributions are not recognized in the financial statements as revenue. The nature and type of service are disclosed in the notes to the financial statements.

The Authority receives service-in-kind contribution from the Government of Jamaica in the form of free rental space for its Headquarters premises in Jamaica Conference Center, Kingston. The approximate value of this in-kind contribution amounts to US\$341,915 (or JM\$54,538,865) (2024: US\$292,088 (or J\$45,404,203)) for the space of 35,181 square feet, currently used by the Authority.

**INTERNATIONAL SEABED AUTHORITY****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED DECEMBER 31, 2025****4 ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of the financial statements in conformity with IPSAS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of, and disclosures related to, assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the year then ended. The estimates and associated assumptions are based on historical experience and/or various other factors that are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision only affects that period or in the period of revision and future periods if the revision affects both current and future periods.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Allowance for expected credit losses

The Authority uses a provision matrix to calculate ECLs for members assessed contributions receivables. The provision rates are based on days past due to various ageing buckets and the related loss patterns. The provision matrix is initially based on the Authority's historically observed default rates. The Authority will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year, which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historically observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historically observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Authority's historical credit loss experience and forecast of economic conditions may also not be representative of member's actual default in the future. The information about the ECLs on the Authority's members assessed contribution receivables is disclosed in Note 6.

(ii) Determining the lease term of contracts with renewal and termination options for the Authority as a lessee.

The Authority determines the lease term as the non-cancellable term of the lease, together with any period covered by an option to extend the lease if it is reasonably certain to be exercised, or any period covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Authority has lease contracts that include extensions and termination options. The Authority applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Authority reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

The periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

(iii) Leases - estimating the incremental borrowing rate

If the Authority cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Authority would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Authority "would have to pay" requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Authority estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity specific estimates (such as stand-alone credit rating).

## INTERNATIONAL SEABED AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED DECEMBER 31, 2025

## 5 CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statement, cash and cash equivalents include cash on hand and in bank and short-term investments, net of outstanding bank overdraft. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement can be reconciled to the related items in the statement of financial position as follows:

	<u>2025</u>	<u>2024</u>
	\$	\$
Cash and bank balances (Note 5(a))	8,574,709	7,835,032
Other funds administered by the Authority (Note 5(b))	<u>6,316,808</u>	<u>6,548,679</u>
	<u>14,891,517</u>	<u>14,383,711</u>

(a) Cash at banks earn interest at floating rates based on the daily bank deposit rates.

(b) These funds are in respect of other funds administered by the Authority and comprise:

	<u>2025</u>	<u>2024</u>
	\$	\$
Working capital fund (Note 28 (a))	764,460	745,712
Endowment fund (Note 28 (b))	3,328,688	4,726,582
Voluntary trust funds (Note 28 (c))	66,111	97,731
Support trust fund (Note 28 (d))	502,666	443,130
Cost recovery fund (Note 28 (e))	321,969	342,917
ISA Partnership fund (Note 28 (f))	<u>1,332,914</u>	<u>192,607</u>
	<u>6,316,808</u>	<u>6,548,679</u>

## 6 MEMBERS ASSESSED CONTRIBUTIONS RECEIVABLE

	<u>2025</u>	<u>2024</u>
	\$	\$
Current year's assessment	737,063	398,396
Prior year's assessment	439,464	365,696
Contractor	108,500	493
Less: Expected credit loss for uncollected receivables for the current year	( 14,480)	( 6,828)
Less: Expected credit loss for uncollected receivables for the previous years	<u>(279,154)</u>	<u>(197,153)</u>
	<u>991,393</u>	<u>560,604</u>

Movement in expected credit loss for contributions receivable

	<u>2025</u>	<u>2024</u>
	\$	\$
Balance at beginning of the year	203,981	223,791
Net re-measurement in provision	<u>89,653</u>	<u>(19,810)</u>
Balance at the end of the year	<u>293,634</u>	<u>203,981</u>

## INTERNATIONAL SEABED AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2025

## 6 MEMBERS ASSESSED CONTRIBUTIONS RECEIVABLE (Cont'd)

Ageing analysis of the members associated contribution receivables

	<u>2025</u>	<u>2024</u>
	\$	\$
Current	737,063	398,396
< 2 years	192,881	99,277
2 to 5 years	119,032	158,637
Over 5 years	<u>127,551</u>	<u>107,782</u>
Gross contributions receivable	<u>1,176,527</u>	<u>764,092</u>

- (a) Eighty-one member states had not fully paid their assessed contribution amounts as of December 31, 2025 (Seventy-eight member states had not fully paid their 2024 assessed contribution amounts).
- (b) Thirty-five member states have not fully paid their 1998-2023 assessed contribution amounts as of December 31, 2025 (Thirty-eight member states have not fully paid their 1998-2022 assessed contribution amounts as of December 31, 2024).

## 7 OTHER RECEIVABLE

The analysis of other receivables is as follows:

	<u>2025</u>	<u>2024</u>
	\$	\$
Supplier advances	255,218	90,292
Prepaid insurance	4,606	4,607
Other	<u>20,419</u>	<u>16,139</u>
	<u>280,243</u>	<u>111,038</u>

## 8 ADVANCES TO STAFF

	<u>2025</u>	<u>2024</u>
	\$	\$
Other advances	<u>216,674</u>	<u>151,509</u>

Advances to staff include both normal advance payments to staff, and advance payments for employee benefits such as home leave, education grants. Based on IPSAS delivery principle, these payments remain as advances for the proportion of service yet to be performed by the concerned staff member until the benefit is vested.

**INTERNATIONAL SEABED AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2025**

**9 PROPERTY AND EQUIPMENT**

	<u>Motor Vehicles</u> \$	<u>Computer Equipment</u> \$	<u>Furniture and Fixtures</u> \$	<u>Office Equipment</u> \$	<u>Leasehold Improvements</u> \$	<u>Total</u> \$
<b>At cost</b>						
December 31, 2023	172,591	300,625	504,133	286,234	216,049	1,479,632
Adjustments	<u>-</u>	<u>( 3,088)</u>	<u>( 4,460)</u>	<u>572</u>	<u>-</u>	<u>( 6,976)</u>
December 31, 2024	172,591	297,537	499,673	286,806	216,049	1,472,656
Additions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
December 31, 2025	<u>172,591</u>	<u>297,537</u>	<u>499,673</u>	<u>286,806</u>	<u>216,049</u>	<u>1,472,656</u>
<b>Depreciation</b>						
December 31, 2023	135,942	275,806	493,619	250,306	108,052	1,263,725
Adjustments	-	<u>( 3,088)</u>	<u>( 4,460)</u>	<u>572</u>	<u>-</u>	<u>( 6,976)</u>
Charge for year	<u>19,128</u>	<u>7,612</u>	<u>8,622</u>	<u>9,245</u>	<u>21,612</u>	<u>66,219</u>
December 31, 2024	155,070	280,330	497,781	260,123	129,664	1,322,968
Charge for year	<u>17,521</u>	<u>5,904</u>	<u>972</u>	<u>7,824</u>	<u>21,612</u>	<u>53,833</u>
December 31, 2025	<u>172,591</u>	<u>286,234</u>	<u>498,753</u>	<u>267,947</u>	<u>151,276</u>	<u>1,376,801</u>
<b>Net Book Value</b>						
December 31, 2025	<u>-</u>	<u>11,303</u>	<u>920</u>	<u>18,859</u>	<u>64,773</u>	<u>95,855</u>
December 31, 2024	<u>17,521</u>	<u>17,207</u>	<u>1,892</u>	<u>26,683</u>	<u>86,385</u>	<u>149,688</u>

## INTERNATIONAL SEABED AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED DECEMBER 31, 2025

## 10 LEASES

The Authority leases office building and residential space which prior to January 1, 2025, were classified as operating leases. The leases run for 5 and 3 years respectively, with an option to renew. Prior to January 1, 2025, payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the leases. The Authority adopted IPSAS 43 as of January 1, 2025, applying the simplified approach and elected not to restate comparative information in accordance with the transitional provisions of the standard. As a result, the comparative information provided continues to be in accordance with IPSAS 13 (See Note 26).

As of January 1, 2025, leases are recognized as right-of-use assets and corresponding liabilities at the date of which the leased assets are available for use by the Authority.

<u>Right of use asset</u>	<u>Lease Premises</u>
	<u>2025</u>
	\$
Cost	
As at January 1, upon application of IPSAS 43	113,862
Additions	518,925
Depreciation	<u>(156,509)</u>
As at December 31	<u>476,278</u>
<u>Lease liabilities</u>	
	<u>2025</u>
	\$
As at January 1, upon application of IPSAS 43	113,862
Additions	511,175
Accretion of interest	21,654
Payments	<u>(170,563)</u>
As at December 31	<u>476,128</u>
Classified as:	
Current	121,713
Non-current	<u>354,415</u>
	<u>476,128</u>
<u>Amounts recognised in profit or loss</u>	
	<u>2025</u>
	\$
Depreciation expense on right-of-use assets	156,509
Interest expense on lease liability	<u>21,654</u>
	<u>178,163</u>
<u>Amounts recognised in cash flows</u>	
	<u>2025</u>
	\$
Total cash outflow for leases	<u>170,563</u>

## INTERNATIONAL SEABED AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED DECEMBER 31, 2025

## 11 PAYABLES AND ACCRUALS

	<u>2025</u>	<u>2024</u>
	\$	\$
Annual leave liability	669,041	520,554
Accrued home leave	244,449	205,088
Application fees payable	573,839	371,527
Other accounts payable and accruals	( 45,071)	( 3,826)
	<u>1,442,258</u>	<u>1,093,343</u>

## 12 OTHER PROVISIONS

These are services rendered and provided for by the reporting date for which the related invoices had not been received as of that date

## 13 ADVANCE CONTRIBUTIONS

These amounts represent the following year's assessed contributions amount received during the year

## 14 REPATRIATION BENEFITS

Repatriation benefits include repatriation grant, travel and removal costs on staff member's separation from service, the provisions made annually to be paid upon separation of staff members.

	<u>2025</u>	<u>2024</u>
	\$	\$
Current entitlements	33,885	93,821
Non-current entitlements	<u>411,335</u>	<u>261,066</u>
	<u>445,220</u>	<u>354,887</u>

## 15 AFTER SERVICE HEALTH INSURANCE BENEFIT

The Authority sponsors an insured health plan covering its full-time employees and retirees. The most recent valuation at December 31, 2025 (2024: December 31, 2024), was carried out on February 19, 2026 (2024: February 19, 2025), by Corrinne Bellamy (Sagicor Employee Benefit Administrator Limited), Fellow of the Society of Actuaries.

(a) Principal actuarial assumptions at the end of the reporting period (expressed as weighted averages)

	<u>2025</u>	<u>2024</u>
	%	%
<b>Financial</b>		
Discount rate	7.5	7
Price inflation (CPI)	2.5	2.5
Medical claims growth	5.0	4.5

## INTERNATIONAL SEABED AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED DECEMBER 31, 2025

## 15 AFTER SERVICE HEALTH INSURANCE BENEFIT (Cont'd)

(a) Principal actuarial assumptions at the end of the reporting period (expressed as weighted averages) (Cont'd)

**Demographic**

Men and women are expected to retire in line with normal retirement ages of the UNSPF pension regulations which stipulates:

<b>Date of hire</b>	<b>NRA (years)</b>
Before 1 January 1990	60
On 1 January 1990 and before 1 January 2014	62
On and after 1 January 2014	65

\*No allowances were made for exits before retirement.

**Mortality**

RP-2014 Employee and Healthy Annuitant Mortality Rates projected to the measurement date, using the American 1994 Group Annuitant Mortality static (GAM94S) with a 5-year Mortality

**Other**

	<u>2025</u> <b>Years</b>	<u>2024</u> <b>Years</b>
<u>Average liability duration</u>		
All participants	22	22

(b) Post-employment medical benefits

	<u>2025</u> \$	<u>2024</u> \$
Present value of the obligation and liability recognised in statement of financial position	<u>2,251,000</u>	<u>1,891,000</u>

(c) Movements in post-employment medical benefits

	<u>2025</u> \$	<u>2024</u> \$
Balance at beginning of year	1,891,000	1,914,000
Contributions paid	( 115,000)	( 98,000)
Authority's expense	187,000	192,000
Net expense recognized in net assets	<u>288,000</u>	<u>( 117,000)</u>
Balance at end of year	<u>2,251,000</u>	<u>1,891,000</u>

(d) Expense recognized in the statement of financial performance

	<u>2025</u> \$	<u>2024</u> \$
Current service cost	59,000	52,000
Interest cost on obligation	<u>128,000</u>	<u>140,000</u>
Net expenses included in surplus	<u>187,000</u>	<u>192,000</u>
Items recognized in net asset: Remeasurement loss on obligation	<u>288,000</u>	<u>( 117,000)</u>
	<u>475,000</u>	<u>75,000</u>

## INTERNATIONAL SEABED AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED DECEMBER 31, 2025

## 15 AFTER SERVICE HEALTH INSURANCE BENEFIT (Cont'd)

(e) Changes in the present value of the defined benefit obligation are as follows:

	<u>2025</u>	<u>2024</u>
	\$	\$
Opening defined benefit obligation	1,891,000	1,914,000
Service cost	59,000	52,000
Interest cost on obligation	128,000	140,000
Remeasurement loss/(gain) on obligation due to:		
- Experience adjustments	408,000	( 236,000)
- Financial assumptions	( 120,000)	119,000
Benefits paid	<u>( 115,000)</u>	<u>( 98,000)</u>
Closing present value of the defined benefit obligation	<u>2,251,000</u>	<u>1,891,000</u>

(f) A quantitative sensitivity analyses for significant assumptions at the end of the reporting period is shown below:

<u>Assumptions</u>	2025			
	Sensitivity Level Increase	Impact on Defined Benefits Obligation \$	Sensitivity Level Decrease	Benefits Obligations \$
	<i>Financial</i>			
Discount rate	-1%/+1%	312,000	1%	(252,000)
Medical claims growth	-1%/+1%	(259,000)	1%	312,000
<i>Demographic</i>				
Life expectancy	-1yr/+1yr	( 72,000)	1 year	72,000
<u>Assumptions</u>	2024			
	Sensitivity Level Increase	Impact on Defined Benefits Obligation \$	Sensitivity Level Decrease	Impact on Defined Benefits Obligations \$
	<i>Financial</i>			
Discount rate	-1%/+1%	258,000	1%	(209,000)
Medical claims growth	-1%/+1%	(215,000)	1%	258,000
<i>Demographic</i>				
Life expectancy	-1yr/+1yr	(61,000)	1 year	60,000

(g) Post-employment medical obligation benefit

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
	\$	\$	\$	\$
Present value of the post-employment benefit obligation in the Plan	<u>2,251,000</u>	<u>1,891,000</u>	<u>1,914,000</u>	<u>1,684,000</u>
Experience adjustments arising on plan liabilities – (Gain)/Loss	<u>408,000</u>	<u>( 236,000)</u>	<u>( 506,000)</u>	<u>176,000</u>

(h) The Authority's estimated net expense for 2025 is \$0.259 million (2024: 2024 is \$0.195 million)

**INTERNATIONAL SEABED AUTHORITY****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED DECEMBER 31, 2025****16 ASSESSED CONTRIBUTIONS INCOME**

The amount represents the net assessed contributions from member states.

**17 THE ENTERPRISE**

This amount represents the net assessed contributions from member states.

**18 OVERHEAD CHARGES**

These amounts represent the annual charge of US\$80,000 per contractor for 30 (2024: 30) contractors.

**19 INTEREST INCOME**

	<u>2025</u>	<u>2024</u>
	\$	\$
Other General Administrative Fund bank accounts	144,037	165,799
Interest Income from Non-General Administrative Fund (Note 28 (b), (c))	<u>204,087</u>	<u>233,849</u>
	<u>348,124</u>	<u>399,648</u>

**20 MISCELLANEOUS INCOME**

Miscellaneous income include income from mineral research and development.

**21 ADMINISTRATIVE EXPENDITURE OF THE SECRETARIAT (SECTION 1)**

These comprise all costs related staff as well as the costs relating to the substantive areas of the Authority's work.

	<u>2025</u>	<u>2024</u>
	\$	\$
Established posts	4,410,401	4,079,620
Common staff costs	3,211,832	2,531,457
General Temporary Assistance	26,872	23,610
Overtime	19,473	15,742
Consultants (non-programme)	19,527	12,855
Training	48,454	59,665
Official travel (non-programme)	109,624	127,782
Communications	99,415	64,733
Library books and supplies	12,125	51,491
External Printing (20 percent non-programme)	90	235
Supplies and materials	45,623	61,207
Official hospitality	2,932	1,231
Information technology	51,204	69,956
Acquisition of equipment and furniture and others	66,370	52,642
Rental and maintenance of equipment and furniture	15,539	9,454
United Nations common system	120,017	112,875
Miscellaneous services and costs	94,725	45,464
Audit fees	25,905	19,288
Building management	575,329	492,265
IPSAS/ERP related	63,149	38,371
Software licenses and subscription	<u>81,895</u>	<u>-</u>
	<u>9,100,501</u>	<u>7,869,943</u>

## INTERNATIONAL SEABED AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2025

## 22 CONFERENCE SERVICING COSTS (SECTION 2)

	<u>2025</u>	<u>2024</u>
	\$	\$
Printing and supplies	1,238	869
Miscellaneous conference service costs	116,996	95,982
Rental of Conference Centre	152,430	104,602
General Temporary Assistant	58,960	59,326
Rental of equipment	786	1,701
Local transportation	8,280	8,333
Interpretation services	675,475	429,331
Documentation	286,128	319,618
Reception	<u>18,162</u>	<u>17,778</u>
	<u>1,318,455</u>	<u>1,037,540</u>

## 23 COST OF PROGRAMMES (SECTIONS 3 - 5)

	<u>2025</u>	<u>2024</u>
	\$	\$
Development of the regulatory framework for activities in the Area (Programme 3.1)	249,898	233,953
Protection of the Marine Environment (Programme 3.2)	127,782	253,485
Data management (resource and environment) (Programme 3.4)	168,530	254,078
Promotion and encouragement of marine scientific research in the Area (Programme 3.5)	113,627	164,009
Outreach activities (Programme 3.6)	97,197	97,179
Capacity development and technical cooperation (Programme 3.7)	110,346	91,452
Mineral resources and mining technologies (Programme 3.8)	86,616	175,566
2025 United Nations Ocean Conference (Programme 3.9)	99,911	-
Compliance Assurance and Regulatory Management Unit (Section 4)	765,722	827,596
The Enterprise expenditure (Section 5)	<u>298,442</u>	<u>343,273</u>
	<u>2,118,071</u>	<u>2,440,591</u>

## 24 RELATED PARTY TRANSACTIONS

Related parties to the Authority with the ability to exercise significant influence over the Authority's financial and operating decisions. For the Authority, these include: key management personnel and close members of the family of key management personnel, identified as the Secretary General and members of the ISA Senior Management Group, namely, Deputy to the Secretary-General, Legal Counsel; Director of Office of Stewardship, Environment and Resources and Director of Office of Contract Management and Capacity-Building. The total remuneration, the number of individuals and any loans are as follows:

	<u>2025</u>	<u>2024</u>
	\$	\$
Compensation and post adjustments	1,117,913	1,108,663
Other entitlements	170,107	95,711
Pension plan and health benefits	<u>216,726</u>	<u>226,445</u>
Total remuneration	<u>1,504,746</u>	<u>1,430,819</u>
Number of individuals	5	5

## INTERNATIONAL SEABED AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2025

## 25 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3 to the financial statements.

The Authority's principal financial instruments comprise contributions receivable, cash and short-term deposits and other payables. The main risks arising from the Authority's financial instruments are credit risk, liquidity risk, foreign currency risk and interest rate risk. Those charged with governance are responsible for managing the risks summarized below:

**Credit risk**

Credit risk is the risk of financial loss to the Authority if customers or counterparties to financial instruments fail to meet their contractual obligations, and it arises principally from the Authority's members assessed contribution receivables, other receivables and cash and cash equivalents. The carrying amount of financial assets represents the maximum credit exposure.

The maximum exposure to credit risk as at December 31, was:

	<u>2025</u>	<u>2024</u>
	\$	\$
- Members assessed contributions receivable	991,393	560,604
- Other receivables	20,419	16,139
- Cash and cash equivalents	<u>14,891,517</u>	<u>14,383,711</u>
	<u>15,903,329</u>	<u>14,960,454</u>

The Authority does not have credit risk associated with exchange transactions. Receivables represent the unpaid contributions or unpaid part of contributions from the member states which is governed by the membership rules. Expected credit loss recognized on contributions receivable are detailed in Note 5. The Authority believes that as these are sovereign debt, the amounts are collectible.

**Liquidity risk**

Liquidity risk is the risk that the entity will encounter difficulty in raising funds to meet its commitments. The Authority's activities are funded by the contributions received by its member states. The compliance rate is usually adequate to meet the funding needs of the Authority and as a result liquidity risk is considered low.

**Foreign currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Authority had no significant foreign currency exposure and an insignificant portion of its expenses are in Jamaican dollars. Contributions and other relevant activities are incurred in US Dollars. Jamaican Dollars (JMD) for payment of local staff salaries and other local purchases. The US Dollars held are converted to JMD on an as-needed basis, therefore exchange rate risk is minimal.

**Interest rate risk**

Interest rate risk is risk that the value of a financial instrument will fluctuate due to changes in market interest rates. At the statement of financial position date, the Authority had no significant exposure to interest rate risk as the cash and cash equivalents held bear minimal interest rates and the Authority has no borrowings.

**Fair value**

The following methods and assumptions have been used in determining the fair values of financial assets and financial liabilities:

- The carrying amounts included in the financial statements for cash and cash equivalents, members assessed contribution receivable, advances to staff and other receivables and other payables are assumed to approximate their fair values due to the short-term maturity of these instruments.

**Fair value measurements recognized in the Statement of Financial Position:**

There were no financial instruments that were measured subsequent to initial recognition at fair value or for which fair value disclosures are required that would be significant to the financial instruments held by the Authority.

## INTERNATIONAL SEABED AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED DECEMBER 31, 2025

## 26 OPERATING LEASE ARRANGEMENTS

The Authority as a lessee

The Authority leases property which prior to January 1, 2025, were classified as operating leases. The leases run for 4 and 5 years, with an option to renew. Prior to January 1, 2025, payments made under operating leases were charged to the statement of financial performance on a straight-line basis over the period of the lease. The Authority adopted IPSAS 43 as of January 1, 2025, applying the simplified approach and elected not to restate comparative information in accordance with the transitional provisions of the standard. As a result, the comparative information provided continues to be in accordance with IPSAS 13.

**Leasing arrangements**

Operating leases relate to leases of office and residential spaces. The Authority does not have the option to purchase the leased properties at the expiry of the lease periods.

*Disclosure required by IPSAS 13*

	<u>2024</u>
	\$
<u>Payments recognized as an expense</u>	
Minimum lease payments	<u>143,690</u>
<u>Non-cancellable operating lease commitments</u>	
Not later than 1 year	<u>24,896</u>

## 27 CONTINGENCIES

The Authority is subject to various claims, disputes and legal proceedings, in the normal course of business. Provision is made for such matters when, in the opinion of management and its legal organ, it is probable that a payment will be made by the Authority, and the amount can be reasonably estimated.

As at the date of these financial statements, there are three pending claims with the Authority's Joint Appeals Board (JAB) and nine claims with the United Nations Appeals Tribunal (UNAT). Management believes these claims lack merit and can be effectively defended. Provision of \$300,000 (2024: \$150,000) has been made in the financial statements in the event that UNAT awards financial compensation in favour of the applicants and against the Authority.

In respect of claims asserted against the Authority, which, according to the principles outlined above, have not been provided for, management is of the opinion that such claims are either without merit, can be successfully defended or will result in exposure to the Authority, which is immaterial to both the financial position and results of operations.

## INTERNATIONAL SEABED AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED DECEMBER 31, 2025

## 28 OTHER FUNDS

## (a) Working Capital Fund

Accumulated contributions to the Authority's Working Capital Fund as at December 31, 2025 totaled US\$764,460 (2024: US\$745,712) with a movement of US\$18,748 (2024: US\$23,924) for the year. The authorized ceiling of this fund was increased from US\$750,000 to US\$825,000 in 2024 (ISBA/29/A/11). Outstanding contributions totaled the amount of US\$2,765 (2024: US\$4,288). No funds were drawn from the Working Capital Fund for operational purposes in 2025.

## (b) Endowment Fund

The Assembly at the 12th Session of the Authority requested the Secretary-General to establish a general account to be known as the Endowment Fund for Marine Scientific Research in the Area. It was also decided that the initial capital of the fund should consist of the balance remaining as at 18 August 2006 from the application fees paid by the registered Pioneer Investors together with interest accrued thereon. On 25 September 2009, the FDR Germany approved the transfer of the fees paid on 20 December 2005 plus interest accrued thereon to the Endowment Fund.

	<u>2025</u>	<u>2024</u>
	\$	\$
Opening balance	4,726,582	4,494,986
Interest income (Note 19)	202,106	231,596
Amount to be Transfer to ISA Partnership Fund	<u>(1,600,000)</u>	<u>-</u>
Closing balance	<u>3,328,688</u>	<u>4,726,582</u>

## (c) Voluntary Trust Funds

The Voluntary Trust Fund (VTF) consists of three funds. The first fund was established in 2002 for the purposes of defraying the cost of participation of members of the Legal and Technical Commission (LTC) and the Finance Committee from developing countries in meetings of the Commission and the Committee.

The movement of the first Voluntary Fund during the year:

	<u>2025</u>	<u>2024</u>
	\$	\$
Opening balance	85,431	46,526
Contributions	98,747	184,852
Interest income (included in Note 19)	1,981	2,253
Less: expenses	<u>(178,975)</u>	<u>(148,200)</u>
Closing balance	<u>7,184</u>	<u>85,431</u>

## INTERNATIONAL SEABED AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED DECEMBER 31, 2025

## 28 OTHER FUNDS (Cont'd)

## (c) Voluntary Trust Funds (cont'd)

The second Voluntary Trust Fund was established in 2017 for the purpose of defraying the cost of participation of members of the Council in their meetings.

The movement of the second Voluntary Trust Fund during the year:

	<u>2025</u>	<u>2024</u>
	\$	\$
Opening balance	22,769	36,710
Contribution	70,834	16,730
Transfer from Voluntary Trust Fund 3	-	7,528
Less: expenses	<u>(62,561)</u>	<u>(38,199)</u>
Closing balance	<u>31,042</u>	<u>22,769</u>

The third Voluntary Trust Fund was established in 2019 for the purpose of providing the requisite funds related to the work of the Special Representative of the Secretary-General for the Enterprise (ISBA/25/C/16).

	<u>2025</u>	<u>2024</u>
	\$	\$
Opening balance	-	7,528
Transfer to Voluntary Trust Fund 2	<u>-</u>	<u>(7,528)</u>
Closing balance	<u>-</u>	<u>-</u>

	<u>2025</u>	<u>2024</u>
	\$	\$
<u>Reconciliation</u>		
Voluntary Trust Fund 1	7,184	85,431
Voluntary Trust Fund 2	<u>31,042</u>	<u>22,769</u>
Refund to be debited/(credited) to GAF	38,226	108,200
	<u>27,885</u>	<u>(10,469)</u>
Balance in bank account	<u>66,111</u>	<u>97,731</u>

## INTERNATIONAL SEABED AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED DECEMBER 31, 2025

## 28 OTHER FUNDS (Cont'd)

## (d) Support Trust Fund

The Support Trust Fund was established in 2018 for the purpose of collecting donations meant to fund various activities in support of the implementation of ISA's mandates.

Movements of the Support Trust Fund during the year:

	<u>2025</u>	<u>2024</u>
	\$	\$
Opening balance	443,130	407,050
Contributions	737,944	612,863
Transfer to Partnership Fund	-	( 52,529)
Less: expenses	<u>(678,408)</u>	<u>(524,254)</u>
Closing balance	<u>502,666</u>	<u>443,130</u>

## (e) Cost Recovery Fund

The Cost Recovery Fund was established in 2020 for the purpose of fairly compensating the Authority's resources consumed by receiving the indirect cost charges and direct cost recoveries, considered as spendable income, related to extra-budgetary and voluntary contributions. These charges aim to ensure that the additional costs of supporting extra-budgetary activities are not financed by the General Administrative Budget (ISBA/ST/SGB/2020/2).

Movements of the Cost Recovery Fund during the year:

	<u>2025</u>	<u>2024</u>
	\$	\$
Opening balance	342,917	319,114
Contributions	154,052	171,134
Less: expenses	<u>(175,000)</u>	<u>(147,331)</u>
Closing balance	<u>321,969</u>	<u>342,917</u>

## (f) ISA Partnership Fund

The Partnership Fund was established in line with the decision of the Assembly during the 27th session, in 2022, as a multi-donor trust fund pursuant to regulation 5.5 of the Financial Regulations of the International Seabed Authority. The objectives of the Partnership Fund are to: (a) Promote and encourage the conduct of marine scientific research in the Area for the benefit of humankind as a whole. (b) Provide qualified scientists and technical personnel from developing States with opportunities to participate in international marine scientific research programmes, including through training, technical assistance and scientific cooperation programmes (ISBA/27/A/L.2).

Movements of the Partnership Fund during the year:

	<u>2025</u>	<u>2024</u>
	\$	\$
Opening balance	192,607	374,367
Contributions	109,250	200,744
To be Transfer from Endowment Fund	1,600,000	-
Transfer from Support Trust Fund	-	52,529
Less: expenses	<u>( 568,943)</u>	<u>(435,033)</u>
Closing balance	<u>1,332,914</u>	<u>192,607</u>