

INTERNATIONAL MOBILE SATELLITE ORGANIZATION

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

INTERNATIONAL MOBILE SATELLITE ORGANIZATION

I N D E X

Year ended 31 December 2016

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INTERNATIONAL MOBILE SATELLITE ORGANIZATION

GENERAL INFORMATION

Year ended 31 December 2016

Organization

The International Mobile Satellite Organization is an intergovernmental organization which has been headquartered in London since it was established in 1979. Following privatisation on 15 April 1999, the Organization was divided into a private company ("Inmarsat") and an intergovernmental organization with the name "The International Mobile Satellite Organization" ("IMSO").

At the time of privatisation IMSO was a vehicle for Member States (known as Parties) to ensure the fulfilment of the Public Service obligations of Inmarsat (the specially-created company incorporated under English law to which all the mobile satellite communications business was transferred), especially the provision of space segment to support the Global Maritime Distress and Safety System (GMDSS).

Captain Moin Ahmed of the People's Republic of Bangladesh was appointed by the Assembly of Parties as the Director General of IMSO, in relation to which he is the legal representative and Chief Executive Officer of the Organization, responsible to and under the direction of the Assembly.

Under the Public Services Agreement between IMSO and Inmarsat, Inmarsat covers the costs of the establishment and operation of the GMDSS activities of the Directorate relating to Inmarsat.

In 2008, amendments to the Convention were adopted by the IMSO Assembly which extend IMSO oversight to any provider of GMDSS and to the functions of coordinator of the Long Range Identification and Tracking of Ships (LRIT) system. The amendments are provisionally applied from 6 October 2008 pending their formal entry into force.

The functions of the Directorate relating to LRIT are at no cost to Parties, nor to Inmarsat, and are separately accounted for. They are funded by charging for services provided to the components of the LRIT system.

Statement of the Director General's responsibilities

The Director General of IMSO is responsible for preparing financial statements for each financial year in accordance with International Financial Reporting Standards as adopted by the European Union which give a true and fair view of IMSO's state of affairs and of its surplus or deficit for that year. In order that a true and fair view may be given, the Director General is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Organization will continue to operate.

As agreed by the Assembly at the Fourteenth (Extraordinary) Session, the Director General of IMSO has a general responsibility for ensuring that adequate accounting records are kept and for taking reasonable steps to safeguard the assets of IMSO, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Director General has disclosed personal financial information to the Auditor, in accordance with the United Nations Financial Disclosure Programme.



MOIN AHMED
Director General

29 March 2017

INTERNATIONAL MOBILE SATELLITE ORGANIZATION

AUDITOR'S REPORT

Year ended 31 December 2016

INDEPENDENT AUDITOR'S REPORT TO THE PARTIES OF THE INTERNATIONAL MOBILE SATELLITE ORGANIZATION

We have audited the financial statements of International Mobile Satellite Organization for the year ended 31 December 2016 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Reserves, the Statement of Cash Flows and the related notes. We have not audited the detailed statement of income and expenditure, the detailed balance sheet and the non-statutory detailed statement of income and expenditure on pages 19 to 21. The financial reporting framework that has been applied in their preparation is International Financial Reporting Standards as adopted by the European Union.

This report is made solely to the Organization's Parties as a body. Our work has been undertaken so that we might state to the Organization's Parties those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Organization and the Organization's Parties as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Director General and auditors

As explained more fully in the Statement of Director General's Responsibilities set out on page 2, the Organization's Director General is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Organization's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Director General and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the General Information to identify material inconsistencies with the audited financial statements and to identify any information that is materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we became aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Organization's affairs as at 31 December 2016 and of its surplus for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union.



DIXON WILSON
Chartered Accountants and Registered Auditors
22 Chancery Lane
London WC2A 1LS
29 March 2017

INTERNATIONAL MOBILE SATELLITE ORGANIZATION**I N C O M E S T A T E M E N T****Year ended 31 December 2016**

	Note	2016 £	2015 £
Continuing operations			
Revenue		808,070	1,130,300
Gross surplus		808,070	1,130,300
Administrative expenses	10	(770,846)	(1,134,147)
Operating surplus/(deficit)		37,224	(3,847)
Finance income	12	993	1,338
Finance costs	12	(894)	(1,172)
Surplus/(deficit) for the year		<u>37,323</u>	<u>(3,681)</u>

The notes on pages 8 to 18 are an integral part of these financial statements.

INTERNATIONAL MOBILE SATELLITE ORGANIZATION**BALANCE SHEET**

At 31 December 2016

	Note	2016 £	2015 £
Assets			
Non-current assets			
Property, plant and equipment	5	17,499	7,555
		<u>17,499</u>	<u>7,555</u>
Current assets			
Trade and other receivables	6	96,849	53,658
Cash and cash equivalents	7	418,490	423,241
		<u>515,339</u>	<u>476,899</u>
Total assets		<u>532,838</u>	<u>484,454</u>
Reserves and liabilities			
Reserves			
General reserve	16	76,922	40,342
Interest reserve	16	113,552	112,559
LRIT Contingency reserve	16	33,296	33,546
		<u>223,770</u>	<u>186,447</u>
Liabilities			
Non-current liabilities			
Provisions	9	82,146	67,148
		<u>82,146</u>	<u>67,148</u>
Current liabilities			
Trade and other payables	8	226,922	230,859
		<u>226,922</u>	<u>230,859</u>
Total liabilities		<u>309,068</u>	<u>298,007</u>
Total reserves and liabilities		<u>532,838</u>	<u>484,454</u>

The notes on pages 8 to 18 are an integral part of these financial statements. The financial statements on pages 4 to 21 were authorised for issue by the Director General on 29 March 2017.



MOIN AHMED
Director General

INTERNATIONAL MOBILE SATELLITE ORGANIZATION

STATEMENT OF CHANGES IN RESERVES

Year ended 31 December 2016

	Note	General reserve £	Interest reserve £	LRIT Contingency reserve £	Total £
Balance at 31 December 2015	16	40,342	112,559	33,546	186,447
Transfer between reserves	16	250	-	(250)	-
Surplus for the year	16	36,330	993	-	37,323
Balance at 31 December 2016		<u>76,922</u>	<u>113,552</u>	<u>33,296</u>	<u>223,770</u>

The notes on pages 8 to 18 are an integral part of these financial statements.

INTERNATIONAL MOBILE SATELLITE ORGANIZATION

STATEMENT OF CASH FLOWS

Year ended 31 December 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Cash generated/ (used in) from operations	13	8,163	(90,044)
Interest paid		(894)	(1,172)
Net cash (used in)/from operating activities		<u>7,269</u>	<u>(91,216)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(13,013)	(4,441)
Interest received		993	1,338
Net cash (used in)/received from investing activities		<u>(12,020)</u>	<u>(3,103)</u>
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		(4,751)	(94,319)
Cash, cash equivalents and bank overdrafts at beginning of the year		423,241	517,560
Cash, cash equivalents and bank overdrafts at end of the year		<u>418,490</u>	<u>423,241</u>

The notes on pages 8 to 18 are an integral part of these financial statements.

INTERNATIONAL MOBILE SATELLITE ORGANIZATION

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of preparation

The financial statements of International Mobile Satellite Organization, an intergovernmental organization with headquarters in the United Kingdom, have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and IFRIC interpretations. The financial statements have been prepared under the historical cost convention and on the going concern basis. In preparing the financial statements on the going concern basis, the Director General has assumed that the Organization will continue to operate for the foreseeable future. At the year end, there was an accumulated surplus on the general reserve of £76,922 and overall reserves were positive. The ability of the Organization to continue as a going concern is in part dependent on being able to operate within the constraints of the budgets set by the IMSO Assembly.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

1.1.1 Changes in accounting policy and disclosures

The Organization's financial statements for the year ended 31 December 2016 are the seventh annual financial statements that comply with IFRS.

a) *New and amended standards adopted by the Organization*

The following amendments to existing standards and interpretations were effective for the current period. Their adoption did not have a material impact on the financial statements of the Organization:

- Amendments to IAS 1, Presentation of Financial Statements, effective for annual periods beginning on or after 1 January 2016;
- Amendments to IFRS 8, Operating segments, effective for annual periods beginning on or after 1 July 2014;
- Amendments to IAS 16, Property, plant and equipment, effective for annual periods beginning on or after 1 July 2014, further amendments effective for annual periods beginning on or after 1 January 2016;
- Amendments to IAS 19, Employee benefits, effective for annual periods beginning on or after 1 January 2016;
- Amendments to IAS 24, Related party disclosure, effective for annual periods beginning on or after 1 July 2014;

b) *Standards, amendments and interpretations that are not yet effective and that have not been adopted early by the Organization*

The Director General anticipates that the adoption of the following standards, interpretations and amendments to existing standards and interpretations in future periods, which were also in issue at the date of authorisation of these Financial Statements, will have no material impact on the Financial Statements of the Organization:

- Amendments to IAS 7, Statement of Cash Flows, effective for annual periods beginning on or after 1 January 2017;
- IFRS 15, Revenue from Contracts with Customers, effective for annual periods beginning on or after 1 January 2018;
- Amendments to IFRS for SME's, effective for annual periods beginning on or after 1 January 2017;

INTERNATIONAL MOBILE SATELLITE ORGANIZATION

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

1.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Director General who makes strategic decisions.

Common abbreviations used:

GMDSS – Global Maritime Distress and Safety System

LRIT – Long Range Identification and Tracking of Ships

1.3 Foreign currency translation

(a) *Functional and presentational currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The financial statements are presented in British pounds’ sterling (GBP £), which is the Organization’s functional and presentational currency.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the income statement.

1.4 Property, plant and equipment

All plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only where it is probable that future economic benefits associated with the item will flow to the Organization and the cost of the item can be reliably measured. The carrying amount of any part replaced is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on plant and equipment is calculated using the straight-line method to allocate cost to the residual values over estimated useful lives, as follows:

Furniture and fittings – 10 years

Computer equipment – 3 years

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset’s carrying amount is immediately written down to its recoverable amount if the former is greater than the latter. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognised separately in the income statement.

1.5 Trade receivables

Trade receivables are amounts due from LRIT Data Centres in respect of services performed by the Organization in its function as LRIT Coordinator. If collection is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

1.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

INTERNATIONAL MOBILE SATELLITE ORGANIZATION

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

1.7 Reserves

Reserves relate to surplus amounts retained by the Organization:

- (i) General reserve: The General reserve relates to the difference in amounts received for LRIT funding when compared to costs incurred to date. These surplus funds are carried forward to the following year, where they may be taken into account when calculating the annual audit fees payable by Data Centres.
- (ii) Interest reserve: Amounts received from Inmarsat for the GMDSS functions of IMSO and the LRIT Contingency Fund have earned interest while on deposit with banks. This interest is not repayable by the Organization and is therefore recognised as a reserve.
- (iii) LRIT Contingency reserve: The LRIT Contingency reserve relates to the accumulated funds to cover future liabilities in relation to the relocation costs of internationally recruited staff, and post-retirement benefits.

1.8 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.9 Taxation

Under an agreement between the Organization and the Government of the United Kingdom dated 15 April 1999, the Organization and its property and income within the scope of its official activities are exempt from all direct taxes including income tax, capital gains tax and corporation tax.

The Organization receives a refund of Value Added Tax, Insurance Premium Tax, Fuel Duty and Air Passenger Duty paid on the receipt of goods and services which are necessary for the official activities of the Organization.

1.10 Employee benefits

(a) *Pension obligations*

The Organization contributes to a defined contribution scheme on behalf of its employees. Under the defined contribution scheme, the Organization pays fixed contributions into a separate entity. The Organization has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits in relation to employee service in the current and prior periods. The amounts contributed are based on salary levels and are charged to the income and expenditure account in the year in which they are payable.

(b) *Termination benefits*

Termination benefits are payable when employment is terminated by the Organization, or when an employee reaches the end of their fixed term contract. The Organization recognises termination benefits when it is demonstrably committed to either the termination of the employment of current employees without the possibility of withdrawal, or to providing the termination benefits as the employee's fixed term contract is not intended to be renewed. Benefits falling due more than 12 months after the end of the reporting date are discounted to their present value where the effect of discounting is material.

1.11 Revenue recognition

Revenue comprises the fair value of the contributions received or receivable for the provision of services in the ordinary course of the Organization's activities.

INTERNATIONAL MOBILE SATELLITE ORGANIZATION

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

1.11 Revenue recognition (continued)

(a) *GMDSS Contributions*

Contribution income consists of agreed contributions from Inmarsat payable in respect of the Organization's oversight of Inmarsat's GMDSS public service obligations for the year under review. These contributions are then amended to reflect the final amounts due at the end of the period based on the costs incurred by the Organization in respect of its GMDSS functions.

(b) *LRIT Contributions*

Contribution income consists of three income sources:

- The first relates to an agreed integration fee payable for the integration of new LRIT Data Centres to provide LRIT services. Invoices are raised for services provided by the Organization in integrating new Data Centres and are raised and recognised at the point where the Data Centre is ready to be integrated.
- The second relates to an annual audit fee payable by each integrated Data Centre. These invoices are raised for each period under review based on the agreed fee per Data Centre for audit of LRIT systems, and revenue recognised in stages as audits are completed.
- The third relates to the voluntary contributions. No voluntary contributions were received in 2016.

(c) *Iridium Contributions*

Contribution income consists of fees and expenses charged to Iridium in relation to IMSO services for the technical and operational evaluation and report of the Iridium system. The costs involved include fees and expenses of IMSO, the Group of Experts and the additional Experts. IMSO daily fees paid by Iridium have been recognised as GMDSS income.

(d) *Interest income*

Interest income is recognised using the effective interest method. When a receivable is impaired, the organization reduces the carrying amount to the recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables are recognised using the original effective interest rate.

1.12 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

2. Financial risk management

2.1 Financial risk factors

The Organization's activities expose it to a variety of financial risks: currency risk, credit risk and liquidity risk. The Organization's overall risk management monitors the financial risk to the Organization.

(i) *Foreign exchange risk*

The Organization operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and UK pound. Foreign exchange risk arises from future commercial transactions and employee remuneration. The Director General reduces the risk from future commercial transactions by requiring all receivables to be discharged in UK pounds. The risk associated with employee remuneration arises as most employees are paid based on the UN Salary scheme which is denominated in US dollars. The risk to the business therefore is that fluctuations in exchange rates will result in adverse cash flow impacts, as all costs ultimately will be covered by income streams. Management monitor this risk, and also hold contingency reserves to cover potential short-term cash flow shortfalls.

INTERNATIONAL MOBILE SATELLITE ORGANIZATION

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

2.1 Financial risk factors (continued)

(ii) *Credit risk*

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to trade receivables both in terms of outstanding receivables and committed transactions. For banks and financial institutions, the Organization uses the Royal Bank of Scotland plc which has a top-rating. Trade receivables relate to various Data Centres which provide LRIT services. These generally are funded by national governments and therefore do not, in the opinion of the Director General, represent a significant risk to the Organization. No trade receivable would be capable of mounting material debts as services would be withdrawn if one year's funds remained outstanding. No credit losses were incurred during the period under review, and management do not expect any deficits from non-performance by these counterparties.

(iii) *Liquidity risk*

Detailed budgets are prepared on a regular basis by management and agreed with the funding parties for the Organization. These budgets have the intention of ensuring sufficient headroom is maintained for available cash to meet operational needs. Surplus cash is held by the Organization as contingency funds to cover any potential shortfall in working capital. These funds are invested in interest-bearing accounts with instant access should funds be required at short notice.

At the balance sheet date the Organization held funds of £418,490 (2015 - £423,241) capable of being used to meet liquidity requirements. The Director General constantly monitors the Organization's cash position, and considers the liquidity risk to the Organization at the yearend to be low.

2.2 Capital risk management

The Director General's objective when managing capital is to safeguard the Organization's ability to continue as a going concern in order to meet the Organization's responsibilities to Member States. With the aim to achieve this, the Director General ensures sufficient funds are retained in reserve accounts, available for use at his discretion, to meet the Organization's requirements should there be a temporary shortfall in funding.

2.3 Fair value estimation

The Organization does not have any financial instruments under IFRS 7 which are held on the balance sheet at fair value.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4. Segment information

The reportable operating segments are the Organization's GMDSS, LRIT functions and Iridium evaluation. Income sources are directly identifiable and are detailed in note 1.11. Costs have been wholly allocated to either segment where they are directly identifiable, at a ratio agreed by the IMSO Assembly of Parties. Despite the global nature of the Organization's functions, the Director General does not consider measuring performance based on geographic perspectives to be worthwhile as there is no scope for management control or oversight in this regard.

INTERNATIONAL MOBILE SATELLITE ORGANIZATION

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

The segment information for the year ended 31 December 2015 is as follows:

Income statement	Note	2016				2015			
		GMDSS £	LRIT £	Iridium £	Total £	GMDSS £	LRIT £	Iridium £	Total £
Continuing operations									
Revenue		441,851	339,000	27,219	808,070	573,624	360,455	196,221	1,130,300
Gross surplus		441,851	339,000	27,219	808,070	573,624	360,455	196,221	1,130,300
Administrative expenses	10	(441,094)	(302,600)	(27,152)	(770,846)	(572,783)	(365,447)	(195,917)	(1,134,147)
Operating surplus/(deficit)		757	36,400	67	37,224	841	(4,992)	304	(3,847)
Finance income	12	923	70	-	993	1,197	141	-	1,338
Finance costs	12	(757)	(70)	(67)	(894)	(841)	(27)	(304)	(1,172)
Surplus/(deficit) for the year		923	36,400	-	37,323	1,197	(4,878)	-	(3,681)

Balance sheet	Note	2016					2015				
		GMDSS £	LRIT £	Iridium £	Inter- fund £	Total £	GMDSS £	LRIT £	Iridium £	Inter- fund £	Total £
Assets											
Non-current assets											
Property, plant and equipment	5	10,045	7,454	-	-	17,499	2,253	5,302	-	-	7,555
Current assets											
Trade and other receivables	6	39,668	81,833	183	(24,835)	96,849	83,671	37,066	-	(67,079)	53,658
Cash and cash equivalents	7	290,942	126,171	1,377	-	418,490	273,194	84,811	65,236	-	423,241
		330,610	208,004	1,560	(24,835)	515,339	356,865	121,877	65,236	(67,079)	476,899
Total assets		340,655	215,458	1,560	(24,835)	532,838	359,118	127,179	65,236	(67,079)	484,454
Reserves and liabilities											
Reserves											
General reserve	16	-	76,922	-	-	76,922	-	40,342	-	-	40,342
Interest reserve	16	113,552	-	-	-	113,552	112,559	-	-	-	112,559
LRIT Contingency reserve	16	-	33,296	-	-	33,296	-	33,546	-	-	33,546
		113,552	110,218	-	-	223,770	112,559	73,888	-	-	186,447
Liabilities											
Non-current liabilities											
Provisions	9	46,828	35,318	-	-	82,146	37,674	29,474	-	-	67,148
Current liabilities											
Trade and other Payables	8	180,275	69,922	1,560	(24,835)	226,922	208,885	23,817	65,236	(67,079)	230,859
Total liabilities		227,103	105,240	1,560	(24,835)	309,068	246,559	53,291	65,236	(67,079)	298,007
Total reserves and liabilities		340,655	215,458	1,560	(24,835)	532,838	359,118	127,179	65,236	(67,079)	484,454

INTERNATIONAL MOBILE SATELLITE ORGANIZATION

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

At the year end, the following balances were owed between the two reporting segments for amounts paid on behalf of the other segment:

	2016				2015			
	GMDSS	LRIT	Iridium	Total	GMDSS	LRIT	Iridium	Total
	£	£	£	£	£	£	£	£
Inter fund debtors	24,652	-	183	24,835	67,079	-	-	67,079
Inter fund creditors	183	24,652	-	24,835	-	7,327	59,752	67,079

These amounts have been included within trade and other receivables and trade and other payables in the above segmental analysis as applicable.

5. Property, plant and equipment

	Furniture & Fittings	Plant and equipment	Total
	£	£	£
Cost			
At 1 January 2016	8,654	35,628	44,282
Additions	-	13,013	13,013
At 31 December 2016	8,654	48,641	57,295
Depreciation			
At 1 January 2016	5,192	31,535	36,727
Change for the year	866	2,203	3,069
At 31 December 2016	6,058	33,738	39,796
Carrying amount			
At 31 December 2016	2,596	14,903	17,499
At 31 December 2015	3,462	4,093	7,555

6. Trade and other receivables

	2016					2015				
	GMDSS	LRIT	Iridium	Inter-fund	Total	GMDSS	LRIT	Iridium	Inter-fund	Total
	£	£	£	£	£	£	£	£	£	£
Trade receivables	3,934	74,803	-	-	78,737	-	25,800	-	-	25,800
Prepayments	2,780	1,495	-	-	4,275	5,343	3,767	-	-	9,110
Taxation	8,302	5,535	-	-	13,837	11,249	7,499	-	-	18,748
Inter-fund balance	24,652	-	183	(24,835)	-	67,079	-	-	(67,079)	-
	39,668	81,833	183	(24,835)	96,849	83,671	37,066	-	(67,079)	53,658

Trade receivables have not been discounted and no provision has been made against the carrying amount shown above. The Director General considers the expected discounted value received for all receivables to be materially similar to the carrying values shown. All receivables are denominated in the functional currency shown.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Organization does not hold any collateral as security.

INTERNATIONAL MOBILE SATELLITE ORGANIZATION

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

7. Cash and cash equivalents

The Organization holds all cash and cash equivalents in instant access bank accounts. The Organization had no overdrawn accounts at the year end or the previous year end.

	2016					2015				
	GMDSS £	LRIT £	Iridium £	Inter- fund £	Total £	GMDSS £	LRIT £	Iridium £	Inter- fund £	Total £
Cash and cash equivalents	290,942	126,171	1,377	-	418,490	273,194	84,811	65,236	-	423,241

8. Trade and other payables

	2016					2015				
	GMDSS £	LRIT £	Iridium £	Inter- fund £	Total £	GMDSS £	LRIT £	Iridium £	Inter- fund £	Total £
Trade payable	13,347	8,648	-	-	21,995	21,845	9,471	-	-	31,316
Accrued expenses	17,947	8,167	-	-	26,114	9,480	4,063	-	-	13,543
Social security and other taxation	453	305	-	-	758	838	461	-	-	1,299
Deferred income	-	28,150	-	-	28,150	-	4,200	-	-	4,200
Legal fund	100,000	-	-	-	100,000	100,000	-	-	-	100,000
Inmarsat surplus	48,345	-	-	-	48,345	76,722	-	-	-	76,722
Iridium surplus	-	-	1,560	-	1,560	-	-	3,779	-	3,779
Inter-fund balance	183	24,652	-	(24,835)	-	-	5,622	61,457	(67,079)	-
	180,275	69,922	1,560	(24,835)	226,922	208,885	23,817	65,236	(67,079)	230,859

The Legal fund is interest-free and is retained by the Organization while the current Public Services Agreement with Inmarsat is in force. These funds are only available to be used for costs associated with arbitration or other legal proceedings in connection with enforcement of the Public Services Agreement with Inmarsat.

9. Provisions

	2016			2015		
	GMDSS £	LRIT £	Total £	GMDSS £	LRIT £	Total £
Repatriation grant (see below)	46,828	35,318	82,146	37,674	29,474	67,148

The Organization is committed to providing repatriation grants to employees who are not UK nationals upon their leaving employment. The total provision increased by £14,998 in total during the year. The provision for GMDSS increased by £5,844 and for LRIT by £9,154.

INTERNATIONAL MOBILE SATELLITE ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2016
10. Expenses by nature

	2016				2015			
	GMDSS	LRIT	Iridium	Total	GMDSS	LRIT	Iridium	Total
	£	£	£	£	£	£	£	£
Directorate staff costs								
Salaries	250,733	170,199	-	420,932	284,005	190,211	-	474,216
Allowances	12,256	10,905	-	23,161	36,257	21,710	-	57,967
Employer costs	36,415	26,304	-	62,719	30,689	24,890	-	55,579
Pension costs - (defined contribution)	39,471	28,448	-	67,919	54,863	35,233	-	90,096
Pension provider fees	7,460	3,198	-	10,658	6,244	2,676	-	8,920
Repatriation/relocation grants	9,154	5,844	-	14,998	83,798	37,456	-	121,254
	<u>355,489</u>	<u>244,898</u>	<u>-</u>	<u>600,387</u>	<u>495,856</u>	<u>312,176</u>	<u>-</u>	<u>808,032</u>
Office maintenance costs								
Audit fee	4,649	1,992	-	6,641	4,831	2,070	-	6,901
Accounting and administrative support	6,747	3,021	-	9,768	11,125	4,903	205	16,233
Telephone and fax	1,189	1,189	-	2,378	1,523	1,523	-	3,046
Postage	522	225	-	747	388	222	-	610
Office supplies	6,116	3,001	-	9,117	3,907	1,859	-	5,766
Depreciation	1,317	1,752	-	3,069	2,338	2,084	-	4,422
Office insurance	1,446	620	-	2,066	1,421	609	-	2,030
	<u>21,986</u>	<u>11,800</u>	<u>-</u>	<u>33,786</u>	<u>25,533</u>	<u>13,270</u>	<u>205</u>	<u>39,008</u>
Rental costs								
Office lease (incl. service charges)	35,688	24,949	-	60,637	39,436	26,781	-	66,217
Travel costs								
Business travel	13,378	7,125	-	20,503	7,880	3,033	37,184	48,097
Hospitality	2,486	1,761	-	4,247	3,137	1,411	326	4,874
Car parking costs	-	-	-	-	721	309	-	1,030
Congestion charge	-	-	-	-	470	217	-	687
	<u>15,864</u>	<u>8,886</u>	<u>-</u>	<u>24,750</u>	<u>12,208</u>	<u>4,970</u>	<u>37,510</u>	<u>54,688</u>
Meeting costs								
Assembly	4,051	4,051	-	8,102	-	-	-	-
Advisory committee	-	-	-	-	-	-	-	-
LRIT Coordination meeting	-	-	-	-	-	-	-	-
Translations & interpretation	8,016	8,016	-	16,032	(250)	(250)	-	(500)
	<u>12,067</u>	<u>12,067</u>	<u>-</u>	<u>24,134</u>	<u>(250)</u>	<u>(250)</u>	<u>-</u>	<u>(500)</u>
Consultancy								
Consultancy	-	-	11,392	11,392	-	-	98,202	98,202
IMSO Daily Fees								
IMSO Daily Fees	-	-	15,760	15,760	-	-	60,000	60,000
Bad Debt								
Bad Debt	-	-	-	-	-	8,500	-	8,500
Administrative expenses	<u>441,094</u>	<u>302,600</u>	<u>27,152</u>	<u>770,846</u>	<u>572,783</u>	<u>365,447</u>	<u>195,917</u>	<u>1,134,147</u>

INTERNATIONAL MOBILE SATELLITE ORGANIZATION

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

11. Employee benefit expense

	2016			2015		
	GMDSS £	LRIT £	Total £	GMDSS £	LRIT £	Total £
Salaries	250,733	170,199	420,932	284,005	190,211	474,216
Allowances	12,256	10,905	23,161	36,257	21,710	57,967
Employer costs	36,415	26,304	62,719	30,689	24,890	55,579
Pension costs – defined contribution plans	39,471	28,448	67,919	54,863	35,233	90,096
Pension provider fees	7,460	3,198	10,658	6,244	2,676	8,920
Post-retirement benefits & repatriation/relocation grants	9,154	5,844	14,998	83,798	37,456	121,254
	<u>355,489</u>	<u>244,898</u>	<u>600,387</u>	<u>495,856</u>	<u>312,176</u>	<u>808,032</u>
Average number of people employed	<u>4</u>	<u>2</u>	<u>6</u>	<u>3</u>	<u>3</u>	<u>6</u>

The Employees listed under GMDSS also contribute to the Organization's LRIT function, and their costs are split between the two funds at agreed rates.

12. Finance income and costs

	2016			2015				
	GMDSS £	LRIT £	Iridium £	Total £	GMDSS £	LRIT £	Iridium £	Total £
Interest expense – bank charges	(757)	(70)	(67)	(894)	(841)	(27)	(304)	(1,172)
Net finance costs	<u>(757)</u>	<u>(70)</u>	<u>(67)</u>	<u>(894)</u>	<u>(841)</u>	<u>(27)</u>	<u>(304)</u>	<u>(1,172)</u>
Finance income	923	70	-	993	1,197	141	-	1,338
Net finance income/(costs)	<u>166</u>	<u>-</u>	<u>(67)</u>	<u>99</u>	<u>356</u>	<u>114</u>	<u>(304)</u>	<u>166</u>

13. Cash generated from operations

	2016 £	2015 £
Surplus/(Deficit) for the year	37,323	(3,681)
Adjustments for:		
Depreciation	3,069	4,422
Net finance income	(99)	(166)
Trade and other receivables	(43,191)	61,420
Trade and other payables	(3,937)	(126,965)
Provisions	14,998	(25,074)
Cash (used in)/generated from operations	<u>8,163</u>	<u>(90,044)</u>

14. Operating leases

The future minimum lease payments under non-cancellable operating leases in each of the following periods are:

	2016 £	2015 £
<i>Land and buildings</i>		
- not later than one year	60,637	66,217
- later than one year and not later than five years	-	-
- later than five years	-	-
	<u>60,637</u>	<u>66,217</u>

INTERNATIONAL MOBILE SATELLITE ORGANIZATION

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

15. Financial instruments

All financial instruments are held and denominated in UK pounds.

	Loans and receivables	
Assets as per balance sheet	2016	2015
	£	£
Trade and other receivables excluding prepayments	92,574	44,548
Cash and cash equivalents	418,490	423,241
	<u>511,064</u>	<u>467,789</u>
	Financial liabilities at amortised cost	
Liabilities as per balance sheet	2016	2015
	£	£
Trade and other payables excluding statutory liabilities	226,922	230,859
Provisions	82,146	67,148
	<u>309,068</u>	<u>298,007</u>

16. Reserves

	General reserve	Interest reserve	LRIT Contingency reserve	Total
	£	£	£	£
Balance as at 1 January 2016	40,342	112,559	33,546	186,447
Transfer from reserves	10,250	-	(10,250)	-
Transfer to reserves	(10,000)	-	10,000	-
Surplus for the year	36,330	993	-	37,323
Balance as at 31 December 2016	<u>76,922</u>	<u>113,552</u>	<u>33,296</u>	<u>223,770</u>

The General reserve represents surplus/(deficit) funds in relation to the Organization's LRIT functions.

The LRIT Contingency reserve is part of the General reserve, and is being built up annually but retained separately to cover the cost of future liabilities in relation to repatriation. Therefore, in 2016, £10,000 was transferred to the Contingency reserve.

However, the amount of £10,250 that was transferred to the LRIT Contingency reserve in 2015 to spread the costs relating to the 2016 Assembly was transferred back to General reserve in 2016.

The 1% Contingency budgeted in relation to GMDSS is returned to Inmarsat if unused.

The Interest reserve relates to amounts of interest received on cash balances held in the Organization's bank accounts due from the funding received for GMDSS from Inmarsat and LRIT Contingency Fund.

17. Related Parties

Key management compensation

Key management includes the Director General (DG). The costs to the organization or payable to key management for employee services is shown below:

	2016	2015
	£	£
Salaries and other staff short-term employee benefits	143,964	188,813
Post-employment benefits	27,496	26,558
Repatriation / Assignment Grants	-	90,787
	<u>171,460</u>	<u>306,158</u>

The amount of £10,674 (2015 - £27,800) was owed to the key management at the year end and is included in note 8.

INTERNATIONAL MOBILE SATELLITE ORGANIZATION
DETAILED STATEMENT OF INCOME AND EXPENDITURE
Year ended 31 December 2016

	Note	2016				2015			
		GMDSS £	LRIT £	Iridium £	Total £	GMDSS £	LRIT £	Iridium £	Total £
General fund									
Income									
Contributions									
Inmarsat – ordinary		397,714	-	-	397,714	581,901	-	-	581,901
Other parties – ordinary		15,760	339,000	25,000	379,760	60,000	360,455	200,000	620,455
Less: Inmarsat – (overpaid)/ underpaid contributions		28,377	-	2,219	30,596	(68,277)	-	(3,779)	(72,056)
Other income									
Interest received		553	-	-	553	650	-	-	650
Interest received on Legal fund		370	-	-	370	547	-	-	547
Interest received on Contingency fund		-	70	-	70	-	141	-	141
		<u>442,774</u>	<u>339,070</u>	<u>27,219</u>	<u>809,063</u>	<u>574,821</u>	<u>360,596</u>	<u>196,221</u>	<u>1,131,638</u>
Expenditure									
Directorate staff costs	10	355,489	244,898	-	600,387	495,856	312,176	-	808,032
Office maintenance costs (including bank charges)	10	22,743	11,870	67	34,680	26,374	13,297	509	40,180
Rent	10	35,688	24,949	-	60,637	39,436	26,781	-	66,217
Travel costs	10	15,864	8,886	-	24,750	12,208	4,970	37,510	54,688
Meeting costs	10	12,067	12,067	-	24,134	(250)	(250)	-	(500)
Consultancy	10	-	-	11,392	11,392	-	-	98,202	98,202
IMSO Daily Fees	10	-	-	15,760	15,760	-	-	60,000	60,000
Bad Debt	10	-	-	-	-	-	8,500	-	8,500
		<u>441,851</u>	<u>302,670</u>	<u>27,219</u>	<u>771,740</u>	<u>573,624</u>	<u>365,474</u>	<u>196,221</u>	<u>1,135,319</u>
Operating surplus		923	36,400	-	37,323	1,197	(4,878)	-	(3,681)
General reserve									
Balance brought forward		-	40,342	-	40,342	-	18,238	-	18,238
Transfer to interest reserve		(923)	(70)	-	(993)	(1,197)	(141)	-	(1,338)
Transfer to LRIT Contingency reserve		-	(10,000)	-	(10,000)	-	(24,288)	-	(24,288)
Transfer from LRIT Contingency reserve		-	10,250	-	10,250	-	51,411	-	51,411
Balance carried forward (page 6)		-	76,922	-	76,922	-	40,342	-	40,342
Interest reserve									
Balance brought forward		112,284	275	-	112,559	111,087	134	-	111,221
Transfer from General reserve	16	923	70	-	993	1,197	141	-	1,338
Balance carried forward (page 6)		<u>113,207</u>	<u>345</u>	<u>-</u>	<u>113,552</u>	<u>112,284</u>	<u>275</u>	<u>-</u>	<u>112,559</u>
LRIT Contingency reserve									
Balance brought forward	16	-	33,546	-	33,546	-	60,669	-	60,669
Transfer to General reserve	16	-	10,000	-	10,000	-	-	-	-
Transfer from General reserve	16	-	(10,250)	-	(10,250)	-	(27,123)	-	(27,123)
Balance carried forward (page 6)		-	33,296	-	33,296	-	33,546	-	33,546

INTERNATIONAL MOBILE SATELLITE ORGANIZATION

DETAILED BALANCE SHEET

At 31 December 2016

	Note	2016					2015				
		GMDSS	LRIT	Iridium	Inter-fund	Total	GMDSS	LRIT	Iridium	Inter-fund	Total
		£	£	£	£	£	£	£	£	£	
Tangible fixed assets	5	10,045	7,454	-	-	17,499	2,253	5,302	-	-	7,555
Current assets											
Trade debtors	6	3,934	74,803	-	-	78,737	-	25,800	-	-	25,800
Other debtors	6	-	-	-	-	-	-	-	-	-	-
Taxation	6	8,302	5,535	-	-	13,837	11,249	7,499	-	-	18,748
Prepayments	6	2,780	1,495	-	-	4,275	5,343	3,767	-	-	9,110
Cash at bank	7	290,942	126,171	1,377	-	418,490	273,194	84,811	65,236	-	423,241
Inter-fund balance	4	24,652	-	183	(24,835)	-	67,079	-	-	(67,079)	-
		<u>330,610</u>	<u>208,004</u>	<u>1,560</u>	<u>(24,835)</u>	<u>515,339</u>	<u>356,865</u>	<u>121,877</u>	<u>65,236</u>	<u>(67,079)</u>	<u>476,899</u>
Creditors: amounts falling due within one year											
Accounts payable	8	61,692	8,648	-	-	70,340	98,567	9,471	3,779	-	111,817
Other creditors	8	100,453	305	1,560	-	102,318	100,838	461	-	-	101,299
Accruals	8	17,947	8,167	-	-	26,114	9,480	4,063	-	-	13,543
Deferred income	8	-	28,150	-	-	28,150	-	4,200	-	-	4,200
Inter fund balance	4	183	24,652	-	(24,835)	-	-	5,622	61,457	(67,079)	-
		<u>180,275</u>	<u>69,922</u>	<u>1,560</u>	<u>(24,835)</u>	<u>226,922</u>	<u>208,885</u>	<u>23,817</u>	<u>65,236</u>	<u>(67,079)</u>	<u>230,859</u>
Net current assets		<u>150,335</u>	<u>138,082</u>	<u>-</u>	<u>-</u>	<u>288,417</u>	<u>147,980</u>	<u>98,060</u>	<u>-</u>	<u>-</u>	<u>246,040</u>
Creditors: amounts falling due in more than one year											
Provisions	9	46,828	35,318	-	-	82,146	37,674	29,474	-	-	67,148
Net assets (liabilities)		<u>113,552</u>	<u>110,218</u>	<u>-</u>	<u>-</u>	<u>223,770</u>	<u>112,559</u>	<u>73,888</u>	<u>-</u>	<u>-</u>	<u>186,447</u>
Representing:											
Accumulated funds											
General reserve	16	-	76,922	-	-	76,922	-	40,342	-	-	40,342
Interest reserve	16	113,552	-	-	-	113,552	112,559	-	-	-	112,559
LRIT Contingency reserve	16	-	33,296	-	-	33,296	-	33,546	-	-	33,546
		<u>113,552</u>	<u>110,218</u>	<u>-</u>	<u>-</u>	<u>223,770</u>	<u>112,559</u>	<u>73,888</u>	<u>-</u>	<u>-</u>	<u>186,447</u>

INTERNATIONAL MOBILE SATELLITE ORGANIZATION
**NON-STATUTORY DETAILED STATEMENT OF
INCOME AND EXPENDITURE**
Year ended 31 December 2016

	2016				2015			
	GMDSS	LRIT	Iridium	Total	GMDSS	LRIT	Iridium	Total
	£	£	£	£	£	£	£	£
General fund								
Income – Contributions								
Inmarsat – ordinary	397,714	-	-	397,714	581,901	-	-	581,901
Other parties – ordinary	15,760	339,000	25,000	379,760	60,000	360,455	200,000	620,455
Other income								
Interest received	553	-	-	553	650	-	-	650
Interest received on LRIT	-	70	-	70	-	141	-	141
Contingency Fund	-	-	-	-	-	-	-	-
Interest received on Legal fund	370	-	-	370	547	-	-	547
	<u>414,397</u>	<u>339,070</u>	<u>25,000</u>	<u>778,467</u>	<u>643,098</u>	<u>360,596</u>	<u>200,000</u>	<u>1,203,694</u>
Expenditure								
Directorate staff costs	338,875	235,856	-	574,731	500,730	323,455	-	824,185
Office maintenance costs	30,203	15,068	67	45,338	32,619	15,973	509	49,101
Rent	35,688	24,949	-	60,637	39,436	26,781	-	66,217
Travel costs	15,864	8,886	-	24,750	12,208	4,970	37,510	54,688
Consultancy Fees	-	-	11,392	11,392	-	-	98,202	98,202
IMSO daily fees	-	-	15,760	15,760	-	-	60,000	60,000
Bad debt	-	-	-	-	-	8,500	-	8,500
Meeting costs	12,067	12,067	-	24,134	(250)	(250)	-	(500)
	<u>432,697</u>	<u>296,826</u>	<u>27,219</u>	<u>756,742</u>	<u>584,743</u>	<u>379,429</u>	<u>196,221</u>	<u>1,160,393</u>
Operating surplus/(deficit)	(18,300)	42,244	(2,219)	21,725	58,355	(18,833)	3,779	43,301
Transfer to Interest reserve	(923)	(70)	-	(993)	(1,197)	(141)	-	(1,338)
Transfer from LRIT Contingency reserve	-	250	-	250	-	27,123	-	27,123
Fund surplus/(deficit) current year	(19,223)	42,424	(2,219)	20,982	57,158	8,149	3,779	69,086
Balance brought forward	114,396	69,816	3,779	187,991	57,238	61,667	-	118,905
Fund surplus total	<u>95,173</u>	<u>112,240</u>	<u>1,560</u>	<u>208,973</u>	<u>114,396</u>	<u>69,816</u>	<u>3,779</u>	<u>187,991</u>
Exceptional items:								
Post-retirement benefits & Repatriation/Relocation grants	(9,154)	(5,844)	-	(14,998)	11,118	13,956	-	25,074
Prior year adjustment effect	(37,674)	(29,474)	-	(67,148)	(48,792)	(43,430)	-	(92,222)
Fund surplus/(deficit) including exceptional items	<u>48,345</u>	<u>76,922</u>	<u>1,560</u>	<u>126,827</u>	<u>76,722</u>	<u>40,342</u>	<u>3,779</u>	<u>120,843</u>
Interest reserve								
Balance brought forward	112,284	275	-	112,559	111,087	134	-	111,221
Transfer from General reserve	923	70	-	993	1,197	141	-	1,338
Balance carried forward	<u>113,207</u>	<u>345</u>	<u>-</u>	<u>113,552</u>	<u>112,284</u>	<u>275</u>	<u>-</u>	<u>112,559</u>
LRIT Contingency reserve								
Balance brought forward	-	33,546	-	33,546	-	60,669	-	60,669
Transfer to General reserve	-	(250)	-	(250)	-	(27,123)	-	(27,123)
Balance carried forward	<u>-</u>	<u>33,296</u>	<u>-</u>	<u>33,296</u>	<u>-</u>	<u>33,546</u>	<u>-</u>	<u>33,546</u>