

ISTITUTO DIRITTO UMANITARIO

Registered Office CORSO CAVALLOTTI 113 - 18038 SANREMO (IM)

Financial statements at 31/12/2022

Balance Sheet

Assets	31/12/2022	31/12/2021
A) Accounts receivable from shareholders in respect of unpaid share capital (of which called up)		
B) Fixed assets		
<i>I. Intangible assets</i>		
1) Start-up and expansion costs		
2) Development costs		
3) Industrial patent and intellectual property rights		
4) Concessions, licenses, trademarks and similar right		
5) Goodwill		
6) Work-in-progress and advances		
7) Other intangible assets	86.795	97.335
	86.795	97.335
<i>II. Tangible assets</i>		
1) Land and buildings		
2) Plant and machinery		
3) Industrial and commercial equipment		
4) Other assets	18.921	21.387
5) Work-in-progress and advances		
	18.921	21.387
<i>III. Financial assets</i>		
1) Shareholdings in:		
a) controlled undertakings	50.000	50.000
b) affiliated undertakings		
c) controlling companies		
d) undertakings under control by the controlling companies		
d-bis) other companies		
	50.000	50.000
2) Accounts Receivables		
a) from controlled undertakings		
- due within the subsequent year		
- due beyond the subsequent year		

b) from affiliated undertakings			
- due within the subsequent year			
- due beyond the subsequent year			
c) from controlling companies			
- due within the subsequent year			
- due beyond the subsequent year			
d) from undertakings under control by the controlling companies			
- due within the subsequent year			
- due beyond the subsequent year			
d-bis) Other accounts receivable			
- due within the subsequent year			
- due beyond the subsequent year	6.670		4.120
		6.670	4.120
		6.670	4.120
3) Other securities		194.195	207.102
4) Derivative financial instruments			
		250.865	261.222
Total fixed assets		356.581	379.944

C) Current assets

I. Stock

- 1) Raw materials, subsidiary materials and consumables
- 2) Work in process and semi-finished products
- 3) Work in progress on order
- 4) Finished products and goods
- 5) Advances

II. Accounts receivable

1) From customers			
- due within the subsequent year	344.132		308.129
- due beyond the subsequent year			
		344.132	308.129
2) From controlled undertakings			
- due within the subsequent year			
- due beyond the subsequent year			
3) From affiliated undertakings			
- due within the subsequent year			
- due beyond the subsequent year			
4) From controlling companies			
- due within the subsequent year			
- due beyond the subsequent year			
5) From undertakings under control by the			

controlling companies		
- due within the subsequent year		
- due beyond the subsequent year		
5-bis) Tax credits		
- due within the subsequent year	17.543	13.072
- due beyond the subsequent year		
		17.543
		13.072
5-ter) Tax assets		
- due within the subsequent year		
- due beyond the subsequent year		
5-quater) Other accounts receivable		
- due within the subsequent year		
- due beyond the subsequent year		
		361.675
		321.202
III. Financial assets other than fixed assets		
1) Shareholdings in controlled undertakings		
2) Shareholdings in affiliated undertakings		
3) Shareholdings in controlling companies		
3-bis) Shareholdings in undertakings under control by the controlling companies		
4) Other shareholdings		
5) Derivative financial instruments		
6) Other securities		
7) Financial assets for centralised cash management		
IV. Cash-in-hand, cash-at-bank and cash equivalents		
1) Bank and postal accounts	202.940	79.392
2) Cheques		
3) Cash and cash equivalents	1.950	6.622
	204.891	86.014
Total current assets	566.566	407.216
D) Accrued income and Prepayments		
	30.273	14.004
Total assets	953.420	801.164
Liabilities	31/12/2022	31/12/2021
A) Shareholders' equity		
<i>I. Share capital</i>	195.384	195.384
<i>II. Share premium reserve</i>		
<i>III. Revaluation surplus</i>		
<i>IV. Legal reserve</i>		
<i>V. Reserves provided for by the articles of association</i>		
<i>VI. Other reserves</i>		

Extraordinary reserve		
Reserve from derogations pursuant to article 2423 of the civil code		
Reserve from shares (non-share interests) in the controlling company		
Reserve from write-up of shareholdings		
Contributions for share capital increases		
Contributions for future share capital increases		
Capital contributions		
Contributions for loss coverage		
Reserve from share capital reduction		
Merger surplus		
Reserve from unrealised exchange gains		
Reserve from translation differences		
Various other reserves		
Reserves from capital contributions (pursuant to article 55 of the Italian income tax code)		
Reserves under suspended taxation		
Reserves from contributions qualifying for beneficial treatment (law no. 576/1975)		
Reserves from capital gains set aside pursuant to article 2 of law no. 168/1992		
Reserve for supplementary pension funds pursuant to legislative decree no. 124/1993		
Non-distributable reserve pursuant to article 2426		
Reserve from conversion into EURO		
Reserve from tax amnesty		
Reserve...		
Reserve from rounding-offs to whole Euros	2	(1)
Others ...		
		2 (1)
<i>VII. Cash flow hedge reserve</i>		
<i>VIII. Retained earnings (loss carryovers)</i>	175.444	125.257
<i>IX. Profit for the year</i>		50.187
<i>IX. Loss for the year</i>	(1.599)	()
<i>Interim dividends</i>	()	()
<i>Loss covered during the year</i>		
<i>X. Negative reserve for Treasury Shares</i>		50.187
Total shareholders' equity	369.231	370.827
B) Provisions for contingent liabilities and charges		
1) Provision for pensions and similar benefits		
2) Provision for taxes, including deferred taxes		
3) Derivative financial instruments		
4) Other provisions		
Total provisions for contingent liabilities and charges		
C) Employees' leaving indemnity	221.944	199.611

D) Accounts Payables

1) Bonds			
- due within the subsequent year			
- due beyond the subsequent year			
2) Convertible bonds			
- due within the subsequent year			
- due beyond the subsequent year			
3) Shareholders' loans			
- due within the subsequent year			
- due beyond the subsequent year			
4) Accounts payable to banks			
- due within the subsequent year			
- due beyond the subsequent year			
5) Accounts payable to third party lenders			
- due within the subsequent year			
- due beyond the subsequent year			
6) Advances			
- due within the subsequent year	9.650		11.635
- due beyond the subsequent year			
		9.650	11.635
7) Accounts payable to suppliers			
- due within the subsequent year	112.718		84.942
- due beyond the subsequent year			
		112.718	84.942
8) Accounts payable represented by debt instruments			
- due within the subsequent year			
- due beyond the subsequent year			
9) Accounts payable to controlled undertakings			
- due within the subsequent year			
- due beyond the subsequent year			
10) Accounts payable to affiliated undertakings			
- due within the subsequent year			
- due beyond the subsequent year			
11) Accounts payable to controlling companies			
- due within the subsequent year			
- due beyond the subsequent year			
11-bis) Accounts payable to undertakings under control by the controlling companies			
- due within the subsequent year			
- due beyond the subsequent year			

12) Tax liabilities			
- due within the subsequent year	38.138		35.548
- due beyond the subsequent year			
		38.138	35.548
13) Accounts payable to social security institutions			
- due within the subsequent year	21.150		19.008
- due beyond the subsequent year			
		21.150	19.008
14) Other accounts payable			
- due within the subsequent year	44.339		35.832
- due beyond the subsequent year			
		44.339	35.832
Total accounts payable		225.995	186.967
E) Accrued liabilities and deferred income		136.250	43.759
Total shareholders' equity and liabilities		953.420	801.164
Profit and loss account		31/12/2022	31/12/2021
A) Revenues			
1) From sales and services		1.011.565	613.788
2) Changes in stocks of work in process, semi-finished and finished products			
3) Changes in work in progress on order			
4) Capitalised internal work in progress			
5) Other revenues and proceeds:			
• others	27.744		12.122
- contributions toward operating expenses	1.459.401		1.205.661
		1.487.145	1.217.783
Total revenues		2.498.710	1.831.571
B) Expenses			
6) Raw materials, subsidiary materials, consumables and goods		16.339	16.271
7) Services		2.005.913	1.295.924
8) Rent/lease			
9) Personnel costs			
a) salaries and wages	292.000		292.261
b) social contributions	84.043		84.555
c) employees' leaving indemnity	36.205		26.511
d) accruals for pension and similar benefits			
e) other costs			
		412.248	403.327
10) Amortisation, depreciation and value adjustments			
a) amortisation of intangible assets	16.553		15.350
b) depreciation of tangible assets	11.489		12.319
c) other value adjustments			
d) write-down of accounts receivable recorded among current assets and liquid assets			

	28.042	27.669
11) <i>Changes in raw materials, subsidiary materials, consumables and goods</i>		
12) <i>Accruals to provisions for contingent liabilities and charges</i>		
13) <i>Other accruals</i>		
14) <i>Miscellaneous running costs</i>	5.605	21.139
Total expenses	2.468.147	1.764.330
Difference between revenues and expenses(A-B)	30.563	67.241
C) Financial income and costs		
15) <i>Income from shareholdings:</i>		
- in controlled undertakings		
- in affiliated undertakings		
- in controlling companies		
- in undertakings under control by controlling companies		
- other income		
<hr/>		
16) <i>Other financial income:</i>		
a) from accounts receivable recorded among fixed assets		
- from controlled undertakings		
- from affiliated undertakings		
- from controlling companies		
- from undertakings under control by controlling companies		
- other financial income		
b) from securities recorded among fixed assets		
c) from securities recorded among current assets		
d) other income:		
- from controlled undertakings		
- from affiliated undertakings		
- from controlling companies		
- from undertakings under control by controlling companies		
- other income		
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17) <i>Interest and other financial costs:</i>		
- to controlled undertakings		
- to affiliated undertakings		
- to controlling companies		
- to undertakings under control by controlling companies		
- other financial costs		
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17-bis) <i>Exchange gains and losses</i>	1.012	489

Total financial income and costs		1.012	489
D) Value adjustments of financial assets			
18) Write-ups:			
a) of shareholdings			
b) of financial fixed assets which do not constitute shareholdings			
c) of securities recorded among current assets which do not constitute shareholdings	(12.907)		
d) of derivative financial instruments			
e) of financial assets from centralised cash management			
		<u>(12.907)</u>	
19) Write downs:			
a) of shareholdings			
b) of financial fixed assets which do not constitute shareholdings			
c) of securities recorded among current assets which do not constitute shareholdings			
d) of derivative financial instruments			
e) of financial assets from centralised cash management			
Total value adjustments of financial assets		(12.907)	
Result before taxes (A-B±C±D±E)		18.668	67.730
20) Taxes on the income for the year: current taxes and deferred tax assets and liabilities			
a) Current taxes	20.267		17.543
b) Taxes of prior years			
c) Deferred tax assets and liabilities			
d) Income (expense) arising from the adoption of the tax consolidation /fiscal transparency regime			
		<u>20.267</u>	<u>17.543</u>
21) Profit (loss) for the year		(1.599)	50.187





International Institute of Humanitarian Law
Institut International de Droit Humanitaire
Istituto Internazionale di Diritto Umanitario

EXPLANATORY NOTES CONCERNING

THE 2022 BALANCE SHEET

Introduction

The International Institute of Humanitarian Law was legally instituted before a public notary on September 26, 1970 in Sanremo, Italy. The Institute was officially recognised as a private association with legal status by the Ministry of Foreign Affairs through a decree dated April 27, 1993. The Institute is registered in the Register of Legal Entities at the *Prefettura* in Imperia.

The Financial statements as of and for the year ended December 31, 2022 is complemented by the Report of Activities and these Explanatory Notes.

Although the Institute is not under any legal obligation, Deloitte & Touche S.p.A. was appointed as auditor of the financial statements as of December 31, 2022 and for the year then ended.

The 2022 balance sheet presents a loss of Euro 1.599.

Grants relating to training/courses and on-going projects were received and used according to instructions received from International Organisations, Governments and other donating bodies.

The Institute has no investments in any subsidiaries, associates or other Companies, not even through trust companies or a third party, with the exception of the investments in the “Foundation Auxiliary to the International Institute of Humanitarian Law- Villa Ormond” as described below.

Contributions in kind

The Institute is particularly grateful for the following contributions in kind, which as such are not considered in the balance sheet even though they constitute an essential support:

- the granting of the full use of Villa Ormond by the Municipality of Sanremo as the IIHL headquarters;

- the secondment of Colonel Mark Dakers, as Director of the Military Department, by the British Army;
- the secondment of Colonel Jean Emmanuel Perrin, until June 2022, and of Col. Rudolph Stamminger as of July 2022 as Deputy Directors of the Military Department, by the French Armed Forces;
- the secondment of Lt. Col. Blake Williams until June 2022 and from July 2022 of Col. Richard Slesman, as legal counsellors and instructors by the US Army, Judge Advocate General.

Contribution from the Institute's Auxiliary Foundation

In 2022, the Foundation contributed 5.000 Euro in cash to the Institute.

Summary of significant accounting policies

The balance sheet has been prepared in accordance with the generally accepted Italian accounting principles, duly integrated by recommendations of the "Not for Profit Commission" of the *Consiglio Nazionale dei Dottori Commercialisti ed Esperti Contabili* (i.e. the Italian accounting profession).

In particular, the balance sheet has been prepared following the general principles of prudence, understandability, consistency, matching and under the accrual basis of accounting.

The balance sheet has been presented in Euro. Revenues in currencies other than Euro have been recorded at the exchange rate prevailing on the date of transaction.

With specific regards to accounting policies, hereinafter the adopted criteria regarding the most important captions:

- **fixed assets** are stated at cost, less accumulated depreciation. Cost includes directly related charges and it is net of specific grants received. Depreciation is provided at rates deemed representative of the assets' estimated remaining useful life. If, regardless of the depreciation already accounted for, fixed assets are impaired, then they are devalued accordingly. If, in future financial years, the reason for the impairment ceases to apply, the original value is re-instated, net of adjusted depreciation.
- **investments** in subsidiaries are recognized at their acquisition or subscription cost, written down to reflect any permanent impairment losses. Where the book value of equity investments exceeds the corresponding portion of shareholders' equity based on the latest approved Financial Statements, this value is maintained if it does not constitute a permanent impairment. When the reasons for the write-downs cease to exist, equity investments carried at cost are revalued to the extent of the write-downs that had been recognised and the effect is presented in the income statement.

- **receivables** are recorded at their net realizable value. As such, in the presence of a risk of collection, the face value is reduced to the net realizable value through an allowance for doubtful accounts;
- **cash and cash equivalents** are calculated at face value;
- **liquid investment funds** are recorded at their cost;
- **pre-paid and accruals**, both on the asset and on the liability side, are calculated to conform revenues and expenses to the accrual basis of accounting;
- **provision for employees' leaving indemnity** covers the entire liability provided in favour of employees in accordance with existing legislation and labour contract; in particular, this liability is calculated according to the Italian Civil Code and is subject to revaluation based on official indexes;
- **other debts** are recorded at face value;
- **revenues and expenses** are recorded under the accrual basis of accounting. In particular, grants intended to cover the general expenses of the Institute are recorded once they are received or, otherwise, on the basis of a formal decision on the part of the donating bodies reasonably guaranteeing their receipt; on the other hand, grants (and/or registration fees) pertaining to specific projects are recorded in the same financial year in which the relevant courses take place, matching the corresponding costs.

The above-mentioned criteria are consistent with the previous financial year. No entries have been recorded in the financial statement solely for tax purposes.

Changes regarding assets and liabilities

The balance sheet shows information compared to the previous financial year. In all events, it is useful to highlight the amount and composition of certain assets and liabilities as of December 31, 2022 and provide the reason for any important variation.

FIXED ASSETS

Fixed assets, recorded in the balance sheet net of depreciation, amount to Euro 105.716 as the following chart illustrates:

		Furniture	Office equipment	Other equipment	Other intangible assets	TOTAL
Fixed assets at 1.1.2022	A	152.246	186.589	28.364	97.335	464.534
Fixed assets fund	B	151.001	167.919	26.893	0	345.813
Remaining fixed assets at 1.1.2022	C= A-B	1.245	18.670	1.471	97.335	118.721
Purchases 2022	D	0	4.348	4.675	6.012	15.035

Fixed assets at 31.12.2022	E = A+D	152.246	190.937	33.039	103.347	479.569
Depreciation for the current year	F	603	9.899	986	16.552	28.040
Fixed assets fund at 31.12.2022	G = B+F	151.604	177.818	27.879	0	357.301
Remaining fixed assets at 31.12.2022	H = E-G	642	13.119	5.160	86.795	105.716

Tangible assets, such as furniture, office and other equipmen, amount to Euro 18.921 and show a decrease of Euro 2.465 compare to the same figure on December 31, 2021. This decrease is due to depreciation for the current year (Euro 11.488) and to the purchase of new goods in 2022 for a total amount of Euro 9.023.

Other intangible assets refer to extraordinary maintenance expenses. They amount to Euro 86.795 and show a decrease of Euro 10.540 compare to the same figure on December 31, 2021. This decrease is due to depreciation for the current year (Euro 16.552) and to the purchase of new goods to be used on a multi-annual basis realized in 2022 for a total amount of Euro 6.012.

LIQUID INVESTMENT FUNDS

Liquid investment funds are represented by mutual funds purchased during previous financial years (and integrated in the present financial year) as funding for the liability towards the employees' leaving indemnity. These funds can be settled at any time. They are recorded at cost, plus all earnings accrued. The increase of the year amounts to Euro 105.969.

EQUITY INVESTMENT

The caption amounts to Euro 50.000 and entirely refers to the endowment fund provided to the "Foundation Auxiliary to the International Institute of Humanitarian Law- Villa Ormond". The Foundation was created in Sanremo on December 4, 2014 with the aim of supporting and developing the use of Villa Ormond. According to its statutory mission, the Foundation will be engaged in providing services and opportunities to increase the visibility of Villa Ormond, supporting, at the same time, the fund-raising activities necessary to contribute towards expenses and investments related to the building.

RECEIVABLES

These amount to Euro 361.675 as of December 31, 2022, and are mainly represented by contributions from Governments, International Organisations and Institutions, as well as registration fees.

The caption shows an increase of Euro 40.473 compared to December 31, 2021.

CASH-IN-HAND AND CASH-AT-BANK

Cash-in-hand and cash-at-bank amount to Euro 204.890 and are represented by Euro 1.950 in cash on hand and by Euro 202.940 in bank deposits.

The following schedule shows details regarding bank accounts as at December 31, 2022:

	2021	2022	
Banca Prossima (US dollars)	870	8.870	8.000
Banca San Paolo	77.451	186.231	108.780
Banca Carige c/c 26861/80	1.071	7.839	6.768
<i>Total</i>	79.392	202.940	123.548

PRE-PAID EXPENSES AND ACCRUED REVENUES

Pre-paid expenses amount to Euro 30.273 and mainly refer to insurance costs, to the purchase of goods such as plaques, books, handbooks for participants and travel expenses to be used in early 2023 year as well as some registrations to internet services covering more than one year.

NET EQUITY

Net equity as of December 31, 2022 amounts to Euro 369.229 and is composed as follows:

Share capital	195.384
Retained surplus	175.444
Net result for the year	- 1.599
<i>Total equity</i>	<i>369.229</i>

Movements occurring in 2022 refer solely to loss of the 2022 financial year and the transfer of the profit of 2021 under the caption "Retained surplus".

EMPLOYEES' LEAVING INDEMNITY

This caption refers solely to the provision of employees leaving indemnity amounting to Euro 221.944 and shows an increase of Euro 22.333 compared with the value on 31 December 2021, which is the 2022 accrual, made in accordance with the Italian Civil Code requirements, together with the amount given to staff members who left.

LIABILITIES

This caption amounts to Euro 225.995 and includes both trade payables of Euro 122.368, which includes advance and payable to supplies, and other payables of Euro 103.627, which includes tax liabilities, account payable to social securities institutions and other accounts payables.

Said payables, when compared with the previous year, record an increase of Euro 39.029.

Trade payables refer to payables for services provided in connection with courses, mainly hotel accommodation and air tickets, and maintenance works on Villa Ormond. Other payables refer to the following:

	2022	2021	
Liabilities vs/Employees	44.339	35.832	8.507
Social security institutions	21.150	19.008	2.142
Withholding taxes	38.138	35.548	2.590
<i>Total</i>	<i>103.627</i>	<i>90.388</i>	<i>13.239</i>

ACCRUED LIABILITIES AND DEFERRED INCOME

Accrued liabilities amount to Euro 11.661 and have been determined according to the accrual basis of accounting. They mainly refer to the fourteenth monthly salary for staff and related social contributions.

Deferred income amounts to Euro 124.589 and refers to contributions received in 2023 for activities that have been postponed to 2022.

Concerning receivables and payables, it is to be noted that they are all expected to be settled in less than five years.

REVENUES and EXPENSES for the year ending December 31, 2022

The attached table (annex 1) gives a comprehensive view of all revenues, expenses, and result for the following programmes and activities:

- IHL/LOAC
- Refugee and Migration Law
- Special Projects and Initiatives
- Secretariat

The first section of the table details the number of participants and the number of courses.

The second section outlines the revenues by source:

- **Registration fees:** include all course fees directly paid either by individuals or sponsored by organisations, such as the ICRC, UNHCR, etc., or governments.

- **Earmarked contributions to specific courses or events:** include funds assigned by the donor to a specific course/event.
- **Earmarked contributions to a training programme:** include funds assigned by donors to a specific training programme of one of the Departments.
- **Non-earmarked contributions to the IHL:** include those contributions given to the IHL without a specific purpose.

The third section outlines the expenses divided into:

- **Direct expenses:** include all costs associated to each of the courses/events. For example: travel, accommodation, meals, faculty, etc.
- **Personnel costs:** include salaries and related costs of all IHL personnel with indefinite contracts, fixed term contracts and of consultants.
- **General expenses (Secretariat):** include expenses not directly associated to a programme or activity. For example: Council meetings, Liaison Office in Geneva, auditors, equipment, maintenance, utility, etc.

Lastly, the attached table shows the results.

During 2022, registration fees increased by Euro 391.122 (Euro 997.880 compared to Euro 606.758 in 2021). Earmarked contributions to specific courses and to training programs increased by Euro 269.838 (Euro 1.419.273 during 2022 compared to Euro 1.149.435 during 2021). Non-earmarked contributions to the IHL recorded Euro 40.000 (compared to Euro 55.961 reached during 2021).

Regarding direct expenses for specific courses and programmes, during 2022 an increase of Euro 613.022 has been recorded (Euro 953.614 during 2022 compared to Euro 340.592 during 2021). These include all costs directly associated with specific courses/programmes, such as travel, accommodation, meals, faculty, etc.

With regard to costs related to IHL personnel, in 2022 the global expenses were Euro 1.236.348 with an increase of 34.866 Euro (Euro 1.201.482 in 2021).

As for general expenses, they include costs not directly associated to a programme or activity, such as costs for Council meetings, the Geneva Liaison Office, the external auditors, equipment, etc.

Other Remarks

The year 2022 represented for the Institute a concrete full restart after the Covid emergency. This is clearly shown by the increased number of activities and of participants registered in all the numerous courses and events organised in 2022.

The present Balance Sheet, consisting of the report of activities and these explanatory notes, comply with the journal entries recorded during the year 2022, to the relevant

laws and regulations, and give a true and fair view of the Institute’s financial position and result of operations.

Sanremo, March 2023

