



International Oil Pollution
Compensation Funds

Agenda item 5	IOPC/NOV25/5/8/2	
Date	7 August 2025	
Original	English	
1992 Fund Assembly	92A30	
1992 Fund Executive Committee	92EC85	
Supplementary Fund Assembly	SA22	●

2024 FINANCIAL STATEMENTS AND AUDITOR'S OPINION

INTERNATIONAL OIL POLLUTION COMPENSATION SUPPLEMENTARY FUND (SUPPLEMENTARY FUND)

Note by the Director

Summary:	As indicated in document IOPC/NOV25/5/8, the Supplementary Fund Financial Statements and the Auditor's Opinion are set out.
Action to be taken:	<u>Supplementary Fund Assembly</u> Approval of 2024 Financial Statements.

1 Introduction

- 1.1 Under Article 16.2 of the Supplementary Fund Protocol, read in conjunction with Article 29.2(f) of the 1992 Fund Convention, the Director has prepared the Financial Statements of the Supplementary Fund for the financial year 2024. The Director has also prepared comments on the Financial Statements. These comments are at Section One of the Annex.
- 1.2 In keeping with best practice, the Director has included a Statement on Internal Control which provides positive confirmation of the internal control framework. The Statement is in Section One of the Annex.
- 1.3 The Financial Statements of the Supplementary Fund are audited by BDO International LLP (BDO).
- 1.4 In view of the limited financial activity of the Supplementary Fund for the financial year 2024, the External Auditor has decided not to produce any Report on the audit of the accounts of that period. Under Financial Regulation 14.16 the External Auditor shall express an opinion on the Financial Statements on which it is reporting. This Opinion is in Section Two of the Annex.
- 1.5 The 2024 Financial Statements have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS) as prescribed by Financial Regulation 12.1.
- 1.6 The certified Financial Statements for the financial period 1 January to 31 December 2024 are in Section Three of the Annex and consist of the following:

Statement I Statement of Financial Position at 31 December 2024

Statement II Statement of Financial Performance for the year ended 31 December 2024

Statement III	Statement of Changes in Net Assets for the year ended 31 December 2024
Statement IV	Statement of Cash Flow for the year ended 31 December 2024
Statement V	Statement of Comparison of Budget and Actual Amounts for the year ended 31 December 2024

- 1.7 In addition to the Financial Statements submitted, such notes as may be necessary for a better understanding of the Financial Statements, including a statement of the significant accounting policies, are attached.

2 Action to be taken

Supplementary Fund Assembly

The Supplementary Fund Assembly is invited to consider the External Auditor's Opinion and to approve the Financial Statements for the financial period 1 January to 31 December 2024.

* * *



International Oil Pollution
Compensation Funds

Fonds internationaux
d'indemnisation pour les
dommages dus à la pollution
par les hydrocarbures

Fondos internacionales
de indemnización de daños
debidos a contaminación
por hidrocarburos

ANNEX

2024 FINANCIAL STATEMENTS AND AUDITOR'S OPINION

INTERNATIONAL OIL POLLUTION COMPENSATION SUPPLEMENTARY FUND (SUPPLEMENTARY FUND)

TABLE OF CONTENTS

	Page
Section One	3–9
Director's comments	3
Statement on Internal Control	7
Section Two	10–13
External Auditor's Opinion	10
Section Three	14–26
Financial Statements for the financial year ended 31 December 2024	14–20
Statement I — Statement of Financial Position at 31 December 2024	15
Statement II — Statement of Financial Performance for the year ended 31 December 2024	16
Statement III — Statement of Changes in Net Assets for the year ended 31 December 2024	17
Statement IV — Statement of Cash Flow for the year ended 31 December 2024	18
Statement V — Statement of Comparison of Budget and Actual Amounts for the year ended 31 December 2024	19
Notes to the Financial Statements	20

SECTION ONE

DIRECTOR'S COMMENTS ON THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD 1 JANUARY TO 31 DECEMBER 2024

1 Introduction

- 1.1 The International Oil Pollution Compensation Funds (IOPC Funds) are intergovernmental organisations that provide compensation for oil pollution damage resulting from spills of persistent oil from tankers. The International Oil Pollution Compensation Fund 1992 (1992 Fund) was set up under the 1992 Fund Convention, which entered into force on 30 May 1996, and is the second tier in the international civil liability and compensation regime.
- 1.2 The first tier is the 1992 Civil Liability Convention (CLC), which lays down the principle of strict liability of shipowners for oil pollution damage and creates a system of compulsory liability insurance. The shipowner is normally entitled to limit their liability to an amount that is linked to the tonnage of the ship. The 1992 Fund Convention establishes a regime for compensating victims when the compensation available under the 1992 CLC is inadequate, and forms the second tier of compensation. Any State Party to the 1992 CLC may become Party to the 1992 Fund Convention and thereby become a Member of the 1992 Fund.
- 1.3 A Protocol to the 1992 Fund Convention adopted in 2003 resulted in the establishment of the International Oil Pollution Compensation Supplementary Fund (Supplementary Fund), which provides an optional third tier of compensation. The Protocol entered into force on 3 March 2005. Any State Party to the 1992 Fund Convention may become Party to the Protocol and thereby become a Member of the Supplementary Fund.
- 1.4 The maximum amount of compensation payable for any one incident for pollution damage in States which become Party to the Supplementary Fund Protocol is SDR 750 million^{<1>} which as at 31 December 2024 corresponded to some £780 million. This amount includes the amounts payable under the 1992 Civil Liability and Fund Conventions.
- 1.5 The Supplementary Fund has an Assembly composed of all Member States. The Assembly is the supreme governing body of the organisation, having, *inter alia*, responsibility for financial matters.
- 1.6 The Supplementary Fund is financed by contributions paid by any person who has received in the relevant calendar year in excess of 150 000 tonnes of crude oil or heavy fuel oil (contributing oil) in ports or terminal installations in a Member State after carriage by sea. The levy of contributions is based on reports of oil receipts in respect of individual contributors, which are submitted to the Secretariat by governments of Member States. Where the aggregate quantity of contributing oil received in a Supplementary Fund Member State in a given calendar year is less than one million tonnes, the Member State will be liable to pay contributions for a quantity of contributing oil corresponding to the difference between one million tonnes and the aggregate quantity of actual contracting oil receipts reported in respect of that State.

^{<1>} The SDR (Special Drawing Right), the unit of account used in the Conventions, is valued on the basis of a basket of key international currencies and serves as the unit of account of the International Monetary Fund and a number of other intergovernmental organisations. The conversion rate on 31 December 2024 was SDR 1 = £1.03952, as published on the International Monetary Fund website, www.imf.org.

- 1.7 At its February/March 2006 session, the Supplementary Fund Assembly took note of a voluntary agreement between owners of tankers and their insurers, the Tanker Oil Pollution Indemnification Agreement (TOPIA) 2006, under which the shipowner/P&I Clubs would reimburse the Supplementary Fund for 50% of the compensation payable by the Supplementary Fund if the incident involved a tanker, regardless of its size, and which was covered by the agreement. TOPIA 2006 was amended in 2017 and since then the agreement has been known as TOPIA 2006 (as amended 2017). As at 31 December 2024, there have been no incidents covered by this agreement.
- 1.8 As at 31 December 2024, the Supplementary Fund had 33 Member States. A full list of the current Member States of the Supplementary Fund can be found on the Membership page of the IOPC Funds website: www.iopcfunds.org.

2 Secretariat

- 2.1 The Supplementary Fund is administered by the 1992 Fund, which has a Secretariat headed by a Director, based in London, United Kingdom.
- 2.2 The Director of the 1992 Fund is *ex officio* also the Director of the Supplementary Fund and is assisted by a Management Team in the day-to-day running of the joint Secretariat.
- 2.3 The Supplementary Fund uses external consultants to provide advice on legal and technical matters, as well as on matters relating to management.

3 Governance

3.1 Audit Body

- 3.1.1 The governing bodies of the IOPC Funds have established a joint Audit Body for the two Funds composed of seven members elected by the 1992 Fund Assembly: six named individuals, nominated by 1992 Fund Member States, and one external expert with experience in audit matters, nominated by the Chair of the 1992 Fund Assembly. The Chair and Vice-Chair of the Audit Body are elected by the 1992 Fund Assembly on the proposal by the Chair of the 1992 Fund Assembly from six elected individuals nominated by Member States.
- 3.1.2 In November 2023, the 1992 Fund Assembly elected an Audit Body of six members for a three-year term. At its session in November 2024, the Assembly re-elected the external expert to serve a further three years from 1 January 2025.
- 3.1.3 The Audit Body normally meets three times a year. In 2024, it met on three occasions in April, July and December.

3.2 Investment Advisory Body

- 3.2.1 The governing bodies of the IOPC Funds have established a joint Investment Advisory Body (IAB), consisting of three experts with specialist knowledge in investment matters, appointed by the 1992 Fund Assembly to advise the Director on the IOPC Funds' investments.
- 3.2.2 At its session in December 2023, the 1992 Fund Assembly decided to reappoint the three members of the IAB for a further term of three years.

3.2.3 The IAB normally meets four times a year, and in 2024 it met in March, June, September and December.

3.3 Financial risk management

3.3.1 The IOPC Funds maintain a risk register consisting of two categories: operational risk and institutional risk. Operational risk has been sub-divided into five areas: finance and contributions; governance and management; compensation; safety and security; and communications and publications. For each of these areas, sub-risks have been identified, and the processes and procedures for their management have been mapped, assessed and documented. The Secretariat conducts an annual review to prioritise key risks and ensure they are adequately mitigated. The key risks are reviewed at least annually by the Audit Body, and the Audit Body and the Director jointly identify areas of risk requiring more in-depth analysis.

3.3.2 The Supplementary Fund has established a framework on internal control as set out in the Statement on Internal Control (see paragraphs 6-10).

3.3.3 The Supplementary Fund's financial risk management policies focus on securing the Fund's assets, maintaining sufficient liquid assets for the operation of the Fund, avoiding undue currency risks, and obtaining a reasonable return. Financial risk is managed using the Internal Investment and Hedging Guidelines approved by the Director, which have been developed in accordance with advice from the IAB. Established policies cover areas of financial risk such as foreign exchange, interest rate and credit risk, the use of financial instruments, and the investing of liquid funds.

3.3.4 As at 31 December 2024, all cash, cash equivalents and investments were denominated in pounds sterling.

3.3.5 The Supplementary Fund's investment policy limits the amount of credit exposure to any one counterparty and includes minimum credit quality guidelines.

4 Financial highlights from 2024

4.1 In accordance with International Public Sector Accounting Standards (IPSAS), the Financial Statements for the Supplementary Fund are produced on an entity basis. There have been no incidents involving the Supplementary Fund and, therefore, no Claims Funds have been established.

4.2 The net asset position presented in Statement I shows a closing net balance position of £1 398 769, an increase of £19 426 from the balance on 31 December 2023 of £1 379 343.

4.3 In 2024, the total revenue was £67 516 (2023: £65 967) and the total expenditure was £48 090 (2023: £45 565).

4.4 No contributions were levied for payment in 2024. As at 31 December 2024, no contributions are outstanding.

4.5 The Director's comments on the administrative expenses for running the joint Secretariat are in the 2024 Financial Statements of the 1992 Fund. The joint Secretariat's expenses for 2024 (excluding external audit fees) amounted to £4 985 302 (2023: £4 629 690). This is £396 716 or 7.4% less than the 2024 budget appropriation of £5 382 018.

4.6 At its October 2022 session, the governing bodies decided to reappoint BDO International LLP (BDO) to audit the Financial Statements for a further two years, i.e. for the financial years 2024–2025 (document [IOPC/OCT22/11/1](#), paragraph 6.3.23). The fee for the audit of the Supplementary Fund 2024 Financial Statements (£6 090) was based on the 2023 fee of £5 565 plus an uplift for inflation.

- 4.7 At the November 2023 meeting of the IOPC Funds' governing bodies, the Supplementary Fund Assembly and the 1992 Fund Assembly, decided that the Supplementary Fund should pay the 1992 Fund a flat management fee towards the cost of running the joint Secretariat in 2024. The management fee was set based on the estimated number of working days that the entire Secretariat would spend on Supplementary Fund matters. The fee for 2024 was set at £42 000 (2023: £40 000). The basis of calculating the management fee remained the same (document IOPC/NOV23/11/1, paragraph 9.1.15).
- 4.8 The expenditure relating to the Supplementary Fund's share of the costs of running the joint Secretariat and the external audit fees for 2024 amounted to £48 090 compared to the total appropriation of £58 100. A breakdown of the Supplementary Fund expenditure is set out below.

Expenditure relating only to Supplementary Fund	2024 budget appropriations £	2024 budget out-turn £	Balance of appropriations £
(a) Management fee payable to 1992 Fund	42 000	42 000	-
(b) Administrative costs including External Audit fees	16 100	6 090	10 010
TOTAL	58 100	48 090	10 010

4.9 General Fund balance

The General Fund balance on 31 December 2024 was £1 398 769 (2023: £1 379 343), which is higher than the working capital of £1 million set by the Supplementary Fund Assembly at its session in March 2005 and reconfirmed by the Assembly in October 2019.

5 Sustainability

- 5.1 The Supplementary Fund Protocol provides the Supplementary Fund Assembly with authority to levy contributions that may be required to balance the payments to be made by the Supplementary Fund. It also places an obligation on the contributors to make payment by the due date or bear interest on any arrears.
- 5.2 Based on the net assets held at the end of the period and the generally high percentage of receipt of the contributions levied by the due date, the going concern basis has been adopted in preparing the Supplementary Fund's Financial Statements.



Gaute Sivertsen
Director
13 May 2025

STATEMENT ON INTERNAL CONTROL

6 Scope of Director's responsibility

- 6.1 The Supplementary Fund and the 1992 Fund are together referred to as the IOPC Funds. The IOPC Funds are managed by a joint Secretariat headed by the Director. The 1992 Fund administers the joint Secretariat and staff members are, therefore, employed by the 1992 Fund.
- 6.2 Under Article 16 of the Supplementary Fund Protocol, read in conjunction with Article 28.2 of the 1992 Fund Convention, the Director shall be the legal representative of the Supplementary Fund. Each Contracting State shall, pursuant to Article 2.2 of the Supplementary Fund Protocol, recognise the Director as the legal representative of the Supplementary Fund.
- 6.3 Under Article 16 of the Supplementary Fund Protocol, read in conjunction with Article 29.1 of the 1992 Fund Convention, the Director shall be the chief administrative officer of the Supplementary Fund. As chief administrative officer, the Director has responsibility for maintaining a sound system of internal control that supports the achievement of the Supplementary Fund's policies, aims and objectives, while also safeguarding the Supplementary Fund's assets.
- 6.4 As a result of these provisions, the Director has the authority, *vis-à-vis* third parties, to commit the Supplementary Fund without restrictions, unless the third party concerned has been informed of any limitation of this authority decided by the Supplementary Fund Assembly.
- 6.5 The Director is, however, bound by any restriction of his authority decided by the Supplementary Fund Assembly. He may delegate his authority to other officers within the limits laid down by the Assembly. Pursuant to the authority given and within the limits laid down by the IOPC Funds' governing bodies, the Director has delegated his authority to other officers by Administrative Instructions.
- 6.6 In 2024, the Director was assisted by a Management Team comprising of the Deputy Director/Head of the Claims Department and the Head of the Administration Department.

7 Statement on the system of internal control

- 7.1 The Director has the responsibility for maintaining a sound system of internal control that supports the work of the Supplementary Fund. The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk; therefore, it can only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise risks, evaluate the likelihood and impact of those risks being realised, and manage them efficiently, effectively and economically.
- 7.2 The Management Team normally meets on a weekly basis to exchange information and brief the Director on matters that may require attention. Information sharing and internal steering group meetings, composed of staff members from across the Secretariat and chaired by the Director, to discuss substantive matters of policy and work, are documented and matters followed up as required. These meetings provide the necessary forum where the Management Team and staff members entrusted with specific areas of responsibility can discuss issues including internal control and risks arising in the organisation. The Director obtains assurance from these meetings that there are sufficient internal controls in place and that the risks are mitigated and managed across the organisation.

- 7.3 The joint Audit Body was established by the IOPC Funds' governing bodies and meets formally at least three times a year. The Audit Body has the mandate, *inter alia*, to review the adequacy and effectiveness of the organisation with regard to key issues of management and financial systems, financial reporting, internal controls, operational procedures and risk management; to review the organisation's Financial Statements and reports; and to consider all relevant reports by the External Auditor including its reports on the organisation's Financial Statements. This additional oversight provides further assurance to the Director, as well as the governing bodies, that appropriate internal controls are in place. The Audit Body reports to the Supplementary Assembly on an annual basis.
- 7.4 The joint Investment Advisory Body (IAB) was also established by the IOPC Funds governing bodies. It advises the Director on relevant procedures for investment and cash management controls; these are monitored by the IAB, which provides the Director with further assurances regarding the internal controls that are in place in this area. The IAB also reviews the IOPC Funds' investments and foreign exchange requirements to ensure reasonable investment returns are achieved without compromising the IOPC Funds' assets. The IAB also monitors, on an ongoing basis, the credit ratings of financial institutions and reviews the credit ratings of institutions which meet the IOPC Funds' investment criteria. The IAB meets quarterly with the Director and Secretariat, and at least annually with the External Auditor when both parties are in attendance at Audit Body meetings. The IAB reports to the Supplementary Assembly on an annual basis.

8 Risk management

- 8.1 In 2024, the Director continued a policy of reviewing the IOPC Funds' risk register to identify risks across the organisation. These risks have been placed in two categories: operational risk and institutional risk. Operational risk has been sub-divided into five areas: finance and contributions; governance and management; compensation; safety and security; and communications and publications.
- 8.2 In 2024, the Management Team undertook a detailed risk mapping exercise to analyse the key controls and mitigants for the key risks. This mapping, along with the full risk register, was presented to the Audit Body in December 2024.
- 8.3 The key risk register is shared with the Audit Body at least annually, following the results of the annual risk management review and updates to the full risk register. The Audit Body and the Director jointly identify areas of risk for more in-depth analysis. The Audit Body has made valuable contributions to the organisation's risk management, which provides further assurance to the Director that the processes are effective. The Audit Body makes specific reference to these matters in its annual report to the governing bodies.

9 Risk and control framework

- 9.1 The system of internal control is based on an ongoing process designed to ensure conformity with the Supplementary Fund Protocol, the Financial Regulations, the Internal Regulations and decisions of the Supplementary Fund Assembly.
- 9.2 The Supplementary Fund Assembly adopts the Financial Regulations and Internal Regulations necessary for the proper functioning of the Supplementary Fund.

10 Review of effectiveness

- 10.1 The review of the effectiveness of the system of internal control is carried out by the Director and is aided through the work of the Audit Body and that of the External Auditor. Any recommendations made by the External Auditor, in its management letter and other reports, are considered and a plan is agreed upon to address any identified weakness and to ensure continuous improvement of the current system. The Supplementary Fund Assembly is updated annually on the status of internal control recommendations.
- 10.2 As part of the process of further enhancing the system of internal control, the Director commissioned an internal audit needs assessment, which was discussed with the Audit Body at its meeting in April 2018. The outline plan and agreed reviews were to be implemented to provide added assurances to the Director on the effectiveness of the internal controls. Given the considerable time that has passed since the plan was established, the Director and the Audit Body have commenced a review of the plan for future internal audit.
- 10.3 A review of the Risk Management Framework was undertaken by Mazars LLP in late 2019 and was reviewed by the Audit Body in June 2020. No additional internal audit review was undertaken in 2020 and 2021, and an internal audit review of the claims-handling process was undertaken by Mazars LLP in 2022. In December 2024, the Audit Body was presented with the results of Mazars LLP's internal audit of the Funds' financial controls, which did not identify any high priority recommendations.
- 10.4 The work of the Audit Body and the External Auditor, and the internal audit reviews provided additional assurances that the infrastructure and management controls in place provided a stable and secure platform to support the ongoing functioning of the IOPC Funds.
- 10.5 I am pleased to conclude that there existed an effective system of internal control for the financial year 2024.



Gaute Sivertsen
Director
13 May 2025

* * *

SECTION TWO

EXTERNAL AUDITOR'S OPINION

OPINION ON THE FINANCIAL STATEMENTS

Independent auditor's report to the Assembly of the International Oil Pollution Compensation Supplementary Fund

Opinion on the special purpose financial statements

In our opinion:

- the special purpose financial statements present fairly, in all material respects, the financial position of the International Oil Pollution Compensation Supplementary Fund as at 31 December 2024 and of its financial performance and its cash flows for the year then ended;
- the special purpose financial statements have been properly prepared in accordance with the Supplementary Fund's Financial Regulations and International Public Sector Accounting Standards; and
- in all material respects, the transactions disclosed within the special purpose financial statements were in accordance with the Fund's Financial Regulations and the purposes intended by the Fund's Assembly.

We have audited the special purpose financial statements of the International Oil Pollution Compensation Supplementary Fund ('the Fund') which comprise the Statement of Financial Position, the Statement of Financial Performance, the Statement of Changes in Net Assets, the Statement of Cash Flow, the Statement of Comparison of Budget and Actual Amounts for the year then ended, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, the Financial Regulations of the Fund ("the Financial Regulations") and International Public Sector Accounting Standards ("IPSASs").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing, including ISA 800 (Revised). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the special purpose financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the special purpose financial statements, including 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 these requirements.

Conclusions relating to going concern

In auditing the special purpose financial statements, we have concluded that the Director's use of the going concern basis of accounting in the preparation of the special purpose financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Fund's ability to continue as a going concern for a period of at least twelve months from when the special purpose financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Director with respect to going concern are described in the relevant sections of this report.

Emphasis of Matter – basis of accounting and restriction on distribution and use

We draw attention to Note 1 to the special purpose financial statements, which describes the basis of accounting, which is a special purpose framework. The special purpose financial statements are prepared to assist the Fund in complying with their financial reporting obligations. As a result, the special purpose financial statements may not be suitable for another purpose. Our report is intended solely for the Assembly of the Fund and should not be distributed to or used by parties other than the Assembly of the Fund. Our opinion is not modified in respect of this matter.

Other information

The Director is responsible for the other information. The other information comprises the information included in the 2024 Financial Statements and Auditor's Opinion, other than the special purpose financial statements and our auditor's report thereon. Our opinion on the special purpose financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the special purpose financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the special purpose financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Director

The Director is responsible for the preparation of these special purpose financial statements in accordance with the Financial Regulations and IPSASs and for such internal control as the Director determines is necessary to enable the preparation of special purpose financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the special purpose financial statements, the Director is responsible for assessing the Fund'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 there is an intention to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the special purpose financial statements

Our objectives are to obtain reasonable assurance about whether the special purpose 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 special purpose financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

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

- Identify and assess the risks of material misstatement of the special purpose 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 Fund'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 Fund'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 special purpose 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 Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the special purpose financial statements, including the disclosures, and whether the special purpose financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Director 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.

Use of our report

This report is made solely to the Assembly of the International Oil Pollution Compensation Supplementary Fund (the Assembly), as a body, in accordance with the Financial Regulations of the Fund and the terms of our engagement letter dated 28 October 2024. Our audit work has been undertaken so that we might state to the Assembly 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 Fund and the Assembly of the Fund as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Chartered Accountants
London

May 2025

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

SECTION THREE


THE FINANCIAL STATEMENTS OF THE INTERNATIONAL OIL POLLUTION
COMPENSATION SUPPLEMENTARY FUND
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

CERTIFICATION OF THE FINANCIAL STATEMENTS

We certify that to the best of our knowledge and information, all transactions during the period have been properly entered in the accounting records and that these transactions together with the appended Financial Statements numbered I to V and Notes, details of which form part of this document, fairly present the financial position of the International Oil Pollution Compensation Supplementary Fund as at 31 December 2024.



Gaute Sivertsen
Director



Claire Montgomery
Chief of Finance

13 May 2025

INTERNATIONAL OIL POLLUTION COMPENSATION SUPPLEMENTARY FUND
STATEMENT I
Statement of Financial Position
At 31 December 2024

	Note	31/12/2024 £	31/12/2023 <i>Restated</i> £
ASSETS			
Current assets			
Cash and cash equivalents	2	105 844	133 013
Term deposits		1 350 000	1 300 000
Contributions receivable	3	-	-
Other receivables	4	4 134	4 525
Total current assets		1 459 978	1 437 538
TOTAL ASSETS		1 459 978	1 437 538
LIABILITIES			
Current liabilities			
Payables and accruals	5	52 982	50 287
Contributors' account	6	8 227	7 908
Total current liabilities		61 209	58 195
TOTAL LIABILITIES		61 209	58 195
NET ASSETS		1 398 769	1 379 343
FUND BALANCE			
Balance b/f: 1 January		1 379 343	1 358 941
Surplus for the year		19 426	20 402
GENERAL FUND BALANCE	7	1 398 769	1 379 343

'Cash and cash equivalents' and 'Term deposits' at 31 December 2023 have been restated following a reclassification of certain deposits from 'cash and cash equivalents' to 'term deposits'. Further details are provided in Note 2.3.

Notes are found on pages 20–26.

INTERNATIONAL OIL POLLUTION COMPENSATION SUPPLEMENTARY FUND
STATEMENT II
Statement of Financial Performance
For the year ended 31 December 2024

		2024	2023
	Note	£	£
REVENUE			
Contributions	9	-	6 188
Interest on investments		67 516	59 709
Other revenue		-	70
Total revenue		67 516	65 967
EXPENSES			
Administrative costs		48 090	45 565
Total expenses		48 090	45 565
SURPLUS FOR THE YEAR		19 426	20 402

Notes are found on pages 20–26.

INTERNATIONAL OIL POLLUTION COMPENSATION SUPPLEMENTARY FUND
STATEMENT III
Statement of Changes in Net Assets
For the year ended 31 December 2024

	Accumulated surplus / Fund balance £
TOTAL NET ASSETS at 31 December 2022	1 358 941
Surplus for the year ended 31 December 2023	20 402
TOTAL NET ASSETS at 31 December 2023	1 379 343
Surplus for the year ended 31 December 2024	19 426
TOTAL NET ASSETS at 31 December 2024	1 398 769

Notes are found on pages 20–26.

INTERNATIONAL OIL POLLUTION COMPENSATION SUPPLEMENTARY FUND
STATEMENT IV
Statement of Cash Flow
For the year ended 31 December 2024

		2024	2023
	Note	£	Restated £
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus/(deficit) for the period		19 426	20 402
Adjustment for:			
Interest on investment ^{<1>}		(67 516)	(59 709)
Decrease/(increase) in receivables	3, 4	391	(109)
Increase in payables and accruals	5, 6	2 632	2 742
Net cash flow from operating activities		(45 067)	(36 674)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest earned ^{<2>}		67 898	59 924
(Increase)/decrease in term deposits		(50 000)	-
Net cash flow from investing activities		17 898	59 924
Net increase in cash and cash equivalents		(27 169)	23 250
Cash and cash equivalents at beginning of the year		133 013	109 763
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	2	105 844	133 013

‘(Increase)/decrease in term deposits’ and ‘cash and cash equivalents at the beginning of the year’ for the year ended 31 December 2023 have been restated following a reclassification of certain deposits from cash and cash equivalents to term deposits. Further details are provided in Note 2.4.

Notes are found on pages 20–26.

<1> Interest earned from investing the assets of the General Fund.

<2> Interest earned from investing the assets of the General Fund and credit balances held by contributors.

INTERNATIONAL OIL POLLUTION COMPENSATION SUPPLEMENTARY FUND
STATEMENT V
General Fund — Administrative Expenditure
Statement of Comparison of Budget and Actual Amounts
For the year ended 31 December 2024

CLASS OF EXPENDITURE		BUDGET APPROPRIATIONS		BUDGET OUT-TURN		BALANCE OF APPROPRIATIONS		
		2024	2023	2024	2023	2024	2023	
Note		£	£	£	£	£	£	
(a)	Management fee payable to 1992 Fund	42 000	40 000	42 000	40 000	-	-	
(b)	Administrative costs including External Audit fees	16 100	14 510	6 090	5 565	10 010	8 945	
TOTAL		10	58 100	54 510	48 090	45 565	10 010	8 945

Notes are found on pages 20–26.

NOTES TO FINANCIAL STATEMENTS

Note 1 — Accounting policies

- 1.1 These Financial Statements have been prepared in accordance with Financial Regulation 12.3 of the Supplementary Fund and in compliance with IPSAS.
- 1.2 The preparation of the 2024 Financial Statements was not affected by any new IPSAS issued in 2024 or modifications to existing IPSAS. There have been no changes in the operation of the Funds which might necessitate a review of applicable accounting standards.
- 1.3 The principal accounting policies followed in arriving at the financial information given in the Statements are set out below (paragraphs 1.4 to 1.8).
- 1.4 Basis of preparation
- 1.4.1 The Financial Statements of the Supplementary Fund have been prepared on the accruals basis of accounting in accordance with IPSAS using the historical cost convention.
- 1.4.2 In accordance with the Supplementary Fund's Financial Regulations:
- (a) the financial year is the calendar year; and
 - (b) the functional and reporting currency of the Supplementary Fund is pounds sterling.
- 1.4.3 The preparation of Financial Statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the date of the statement of financial position and the amounts reported for income and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.
- 1.4.4 No significant judgements have been made in applying the Supplementary Fund's accounting policies.
- 1.5 Fund accounting
- 1.5.1 The Financial Statements are prepared on the entity basis, showing at the end of the period the consolidated position of all funds controlled by the Supplementary Fund. A fund is a self-balancing accounting entity established to account for the transactions of a specified purpose or objective.
- 1.5.2 The Financial Statements have been prepared on the basis of a General Fund only. Fund balances represent the accumulated residual of revenue and expenses.
- 1.5.3 The General Fund covers the Supplementary Fund's expenses for the administration of the organisation. The working capital was established to ensure that the Supplementary Fund was in a position to meet compensation and claims-related expenses which might occur between the regular sessions of the governing bodies.
- 1.6 Revenue
- Contributions*
- 1.6.1 Income from contributions is treated as revenue from non-exchange transactions and is based on levies approved by the Assembly as due in the financial period. Such income from contributions is recognised only after the contributions are invoiced on the basis of figures on contributing oil receipts reported by Member States.

- 1.6.2 In cases of contributions relating to previous levies based on late or amended oil reports submitted, the amount is recognised as income on the date of the invoice.

Interest on investments

- 1.6.3 Interest income on deposits is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable on a straight-line basis over the period of the investment.

Interest on overdue contributions

- 1.6.4 Income from interest on contributions comprises of interest accrued on all contributions overdue at the end of the reporting period. No interest is charged on overdue interest.

1.7 Cash, cash equivalents and term deposits

Cash and cash equivalents comprise cash on hand, cash at banks and term deposits with a tenor of three months or less. Term deposits comprise term deposits with a tenor exceeding three months.

1.8 Financial instruments

- 1.8.1 Financial instruments held in pounds sterling to maturity and where the interest is also received in pounds sterling, have been treated at year end as normal term deposits. As such, they are stated at the value of the investment made (historical cost) and interest is accrued as normal.

- 1.8.2 Amounts either paid to or received from financial institutions in respect of hedging instruments are treated as 'finance cost of hedging instrument' or 'income from hedging instrument', respectively.

- 1.8.3 Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Financial Statements are categorised within the fair value hierarchy as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – unobservable inputs for the asset or liability.

- 1.8.4 Receivables and payables are measured on an amortised cost basis using the invoice value.

1.9 Budgetary information

The Supplementary Fund Assembly approves the budget for administration costs. Budgets may be subsequently amended by the Assembly or through the exercise of delegated authority. The Statement of Comparison of Budget and Actual Amounts (Statement V) compares the final budget to actual amounts calculated on the same basis (modified cash basis) as the corresponding budgetary amounts.

1.10 Future changes in accounting standards

The Financial Statements of the Supplementary Fund have been prepared in accordance with IPSAS issued and effective as at 31 December 2024. The following IPSAS have been issued by the International Public Sector Accounting Standards Board (IPSASB) but are not yet effective for the reporting period ending 31 December 2024:

- (i) IPSAS 43 Leases, replacing IPSAS 13 Leases, will be effective for annual reporting periods beginning on or after 1 January 2025. The full impact of IPSAS 43 on the Supplementary Fund's Financial Statements will be quantified in the 2025 financial reporting period. This new standard introduces a single lessee accounting model, requiring entities to recognise right-of-use assets and lease liabilities for most leases.
- (ii) IPSAS 44 Non-Current Assets Held for Sale and Discontinued Operations; IPSAS 45 Property, Plant, and Equipment (PPE); and IPSAS 46 Measurement, will all be effective for annual reporting periods beginning on or after 1 January 2025 and are not expected to have a material impact on the preparation of the Supplementary Fund's Financial Statements.
- (iii) IPSAS 47 Revenue; IPSAS 48 Transfer Expenses; and IPSAS 49 Retirement Benefit Plans will all be effective for annual reporting periods beginning on or after 1 January 2026 and are not expected to have a material impact on the preparation of the Supplementary Fund's Financial Statements.

Note 2 — Cash and cash equivalents, and term deposits

- 2.1 Cash and cash equivalents included in the Statement of Cash Flow (Statement IV) and the Statement of Financial Position (Statement I) comprise of the following amounts:

	31/12/2024	31/12/2023
	£	£
Cash and cash equivalents		restated
Cash on hand	105 844	133 013
Term deposits (tenor less than 3 months)	-	-
TOTAL	105 844	133 013

- 2.2 Term deposits with a tenor exceeding three months included in the Statement of Cash Flow (Statement IV) and the Statement of Financial Position (Statement I) comprise the following amounts:

	31/12/2024	31/12/2023
	£	£
Term deposits		restated
Term deposits (tenor exceeding 3 months)	1 350 000	1 300 000
TOTAL	1 350 000	1 300 000

- 2.3 Term deposits with tenors over three months have been reclassified in the 2024 Financial Statements. They have been moved from 'cash and cash equivalents' to 'term deposits' and figures for 31 December 2023 have been restated as shown in the table below.

	31/12/2023 2023 Financial Statements £	31/12/2023 Restated in 2024 £
Cash and cash equivalents		
Cash on hand	133 013	133 013
Term deposits (maturing after 3 months)	1 300 000	-
Term deposits (tenor less than 3 months)	-	-
TOTAL	1 433 013	133 013
<i>Change to cash and cash equivalent</i>		<i>(1 300 000)</i>
Term deposits		
Term deposits (tenor exceeding 3 months)	-	1 300 000
TOTAL	-	1 300 000
<i>Change to term deposits</i>		<i>1 300 000</i>

- 2.4 'Cash and equivalents at beginning of the year' for year ended 31 December 2023 in the Statement of Cash Flow has also been restated from £1 409 763 to £109 763, a change of £1 300 000.
- 2.5 Cash is invested in term deposits of up to one year with deposits maturing periodically through the year, in order to ensure liquidity between receipt of contributions. No investments are made in bonds or shares.

Note 3 — Contributions receivable

- 3.1 The Supplementary Fund has no outstanding contributions.

Note 4 — Other receivables

- 4.1 Other receivables are set out in the table below:

	2024 £	2023 £
Accrued interest on investments	3 959	4 350
Interest on overdue contributions	175	175
TOTAL	4 134	4 525

Note 5 — Payables and accruals

5.1 Payables and accruals are set out in the table below:

	2024	2023
	£	£
Accrual for external audit fees	3 045	5 565
Payable to 1992 Fund	49 937	44 722
TOTAL	52 982	50 287

5.2 An amount of £3 045 has been accrued for external audit fees relating to the audit of the 2024 Financial Statements. The total fee for the audit of the 2024 Financial Statements was £6 090.

Note 6 — Contributors' account

6.1 The amount of £8 227 (2023: £7 908) is the balance on the contributors' account after the deduction of amounts repaid to contributors or offset against contributions. The amount includes interest of £382 (2023: £215) credited in 2024 to contributors.

Note 7 — General Fund balance

7.1 The General Fund balance of £1 398 769 is above the working capital of £1 million as decided by the Supplementary Fund Assembly at its first session in March 2005 and re-confirmed by the Assembly in December 2020. The working capital was established to ensure that the Supplementary Fund was in a position to meet compensation and claims-related expenses, which may occur between the regular sessions of the governing bodies.

Note 8 — Financial instruments

8.1 In 2024, there were no complex financial instruments entered into by the Supplementary Fund.

8.2 All financial instruments held during 2024 are classified as loans and receivables and are non-derivative financial assets with fixed payments and a fixed maturity for which the organisation has the intention and the ability to hold to maturity.

8.3 Financial instruments held at year end are detailed in the table below:

	31/12/2024	31/12/2023
	£	restated £
Financial assets held at amortised cost:		
Cash and cash equivalents	105 844	133 013
Term deposits	1 350 000	1 300 000
Trade and other receivables	4 134	4 525
Financial liabilities held at amortised cost:		
Trade and other payables	61 209	58 195

8.4 'Cash and cash equivalents' and 'Term deposits' at 31 December 2023 have been restated following a reclassification of certain deposits from 'cash and cash equivalents' to 'term deposits'. Further details are provided in Note 2.3.

8.4.1 Credit risk

8.4.2 The Supplementary Fund's credit risk is spread widely. Its risk management policies limit the amount of credit exposure to any counterparty and include minimum credit quality guidelines.

8.4.3 The guidelines include market and capital strength measures in addition to the credit rating provided by the three rating agencies. Credit default swaps (CDS) and Common Equity Tier (CET) 1 capital ratio are the additional measures used to determine the counterparty list. The guidelines are as follows:

- (a) CET 1 capital ratio of at least 9.5% or higher;
- (b) five-year CDS spread of a maximum of 100 basis points, a breach of which would trigger a review to ascertain whether the credit markets were weaker in general, or whether the creditworthiness of the counterparty concerned was subject to a particular credit-negative event, which would warrant its temporary or permanent exclusion from the lending list; and
- (c) minimum short-term credit rating from two of the three main credit rating agencies: Fitch, Moody's, and Standard & Poor's, as follows:
 - for maturities of up to 12 months (Group 1) of F1+, P1 and A1+; and
 - for maturities of up to 6 months (Group 2) of F1, P1 and A1.

8.4.4 A list of approved financial institutions is prepared by the IAB on a quarterly basis and approved by the Director. This list is kept under constant review by the IAB between meetings, and the Secretariat is advised accordingly.

8.4.5 Contributions receivable are comprised of amounts due from contributors in Member States. The Supplementary Fund Protocol places an obligation on Member States to ensure that contributors fulfil their obligation to pay contributions. Details of contributions receivable are provided in Note 3.

8.5 Liquidity risk

8.5.1 The Supplementary Fund Protocol provides the Assembly with authority to levy contributions that may be required to balance the payments to be made by the Supplementary Fund.

8.5.2 Liquidity risk associated with cash and cash equivalents is minimised substantially by ensuring that these financial assets are placed in term deposits not exceeding one year.

8.6 Interest rate risk

8.6.1 The Supplementary Fund places its cash deposits in term deposits with fixed interest rates under strict investment guidelines. The Financial Regulations of the Supplementary Fund focus on the security and liquidity of the assets rather than maximising revenue, and this is taken into account in managing the liquidity (cash flow) risk.

8.6.2 The average interest rate earned on investments in 2024 was 4.87%. A variation of 0.25% to the average interest rate would result in an increase or decrease of £3 260 to the amount of interest earned in the year.

Note 9 — Contributions

- 9.1 At its session in November 2023, the Supplementary Fund Assembly decided not to levy contributions (2023 contributions payable in 2024) with respect to the General Fund. Since there have been no incidents requiring the payment of compensation by the Supplementary Fund, there was no need for contributions to be levied to any Claims Fund.

Note 10 — Statement of Comparison of Budget and Actual Amounts

- 10.1 The Supplementary Fund's budget and accounts are prepared using different bases. The Statement of Financial Position (Statement I); Statement of Financial Performance (Statement II); Statement of Changes in Net Assets (Statement III); and Statement of Cash Flow (Statement IV) are prepared on a full accruals basis using a classification based on the nature of expenses in the Statement of Financial Performance (Statement II), whereas the Statement of Comparison of Budget and Actual Amounts (Statement V) is prepared on a commitment accounting basis.
- 10.2 As required under IPSAS 24, the actual amounts presented on a comparable basis to the budget shall, where the Financial Statements and the budget are not prepared on a comparable basis, be reconciled to the actual amounts presented in the Financial Statements, identifying separately any basis, presentation, entity and timing differences.
- 10.3 There are no reconciling items between the actual amounts on a comparable basis in the Statement of Comparison of Budget and Actual Amounts (Statement V) and the actual amounts in the Statement of Financial Performance (Statement II) for the year ended 31 December 2024.

Note 11 — Related parties and key management personnel

- 11.1 The Director of the 1992 Fund is *ex officio* Director of the Supplementary Fund, and the Supplementary Fund is administered by the 1992 Fund Secretariat. The Director is assisted by a Management Team in the day-to-day running of the Secretariat, and the aggregate remuneration paid to key management personnel of the 1992 Fund is in Note 28 to the 2024 Financial Statements of the 1992 Fund.
- 11.2 Related parties

The Supplementary Fund is a related party to the 1992 Fund, to which it pays a management fee of £42 000 (2023: £40 000). At year end, an amount of £49 937 was payable to the 1992 Fund, which was settled in January 2025.

Note 12 — Events after reporting date

- 12.1 The Supplementary Fund's reporting date is 31 December 2024. On the date of signing these accounts, there have been no material events, favourable or unfavourable, incurred between the reporting date and the date when the Financial Statements were authorised for issue that would have impacted these statements.
- 12.2 The date of authorisation for issue is the date of certification by the External Auditor.