



## 2004 FINANCIAL STATEMENTS AND AUDITOR'S REPORT AND OPINION

### Note by the Director

**Summary:** The financial statements and the Auditor's Report and Opinion are set out.

**Action to be taken:** Approval of financial statements.

- 1 The financial statements of the 1971 Fund are audited by the Comptroller and Auditor General of the United Kingdom.
- 2 In accordance with Article 29.2(f) of the 1971 Fund Convention, the Director has prepared the financial statements of the 1971 Fund for the financial year 2004. Pursuant to Financial Regulation 13.9, the External Auditor has submitted to the Administrative Council, through its Chairman, his Report on the audit of the financial statements of the 1971 Fund for the financial period ended 31 December 2004. The Director has prepared comments on the financial statements. These comments and the Auditor's Report are at Annexes I and II, respectively.
- 3 Under Financial Regulation 13.15 the External Auditor shall express an opinion on the financial statements on which he is reporting. This Opinion is at Annex III.
- 4 Financial Regulation 12.3 provides that the financial statements to be prepared by the Director shall comprise of the following:
  - (a)
    - (i) a Statement of Appropriations and Obligations Incurred;
    - (ii) Income and Expenditure Accounts for all funds;
    - (iii) a Balance Sheet;
    - (iv) a Cash Flow Statement;
  - (b) such notes as may be necessary for a better understanding of the financial statements, including a statement of the significant accounting policies and details of contingent liabilities.

5 The following financial statements for the period 2004 are submitted herewith:

Statement I Statement of Budget Appropriations and Obligations Incurred in respect of the General Fund for the financial period 1 January - 31 December 2004

Statement II Summary of Income and Expenditure Account in respect of the General Fund and Major Claims Funds for the financial period 1 January - 31 December 2004

Statement III Income and Expenditure Account in respect of the General Fund for the financial period 1 January - 31 December 2004

Statement IV.1 Income and Expenditure Account in respect of the *Aegean Sea* and *Braer* Major Claims Funds for the financial period 1 January - 31 December 2004

Statement IV.2 Income and Expenditure Account in respect of the *Keumdong N°5*, *Sea Empress* and *Nakhodka* Major Claims Funds for the financial period 1 January - 31 December 2004

Statement IV.3 Income and Expenditure Account in respect of the *Sea Prince*, *Yeo Myung* and *Yuil N°1* Major Claims Funds for the financial period 1 January - 31 December 2004

Statement IV.4 Income and Expenditure Account in respect of the *Nissos Amorgos* and *Osung N°3* Major Claims Funds for the financial period 1 January - 31 December 2004

Statement IV.5 Income and Expenditure Account in respect of the *Vistabella* and *Pontoon 300* Major Claims Funds for the financial period 1 January - 31 December 2004

Statement V Balance Sheet of the 1971 Fund as at 31 December 2004

Statement VI Cash Flow Statement for the 1971 Fund for the financial period 1 January - 31 December 2004

6 In addition to the financial statements submitted, the following reports are attached:

Schedule I Report on Contributions and Reimbursements during the financial period 1 January - 31 December 2004 and on contributions outstanding for previous financial periods

Schedule II Report on Payment of Claims for the financial period 1 January - 31 December 2004

Schedule III Details of Contingent Liabilities of the 1971 Fund as at 31 December 2004

7 The certified financial statements for the financial period 1 January to 31 December 2004 are at Annex IV.

8 **Action to be taken by the Administrative Council**

The Administrative Council is invited to consider the External Auditor's Report and Opinion and to approve the financial statements for the financial period 1 January to 31 December 2004.

## ANNEX I

# INTERNATIONAL OIL POLLUTION COMPENSATION FUND 1971

### DIRECTOR'S COMMENTS ON THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD 1 JANUARY TO 31 DECEMBER 2004

## **1 Introduction**

- 1.1 The International Oil Pollution Compensation Funds 1971 and 1992 (the IOPC Funds) are two intergovernmental organisations which provide compensation for oil pollution damage resulting from spills of persistent oil from tankers. The International Oil Pollution Compensation Fund 1971 (1971 Fund) was established in October 1978. It operates within the framework of two international Conventions: the 1969 International Convention on Civil Liability for Oil Pollution Damage (1969 Civil Liability Convention) and the 1971 International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage (1971 Fund Convention). This 'old' regime was amended in 1992 by two Protocols. The amended Conventions, known as the 1992 Civil Liability Convention and the 1992 Fund Convention, entered into force on 30 May 1996. The International Oil Pollution Compensation Fund 1992 (1992 Fund) was set up under the 1992 Fund Convention. The 1971 Fund Convention ceased to be in force on 24 May 2002 and does not apply to incidents occurring after that date. However, before the 1971 Fund can be wound up, all pending claims arising from incidents occurring before that date in 1971 Fund Member States will have to be settled and paid and any remaining assets distributed among contributors.
- 1.2 The maximum amount of compensation payable under the 1969 and the 1971 Conventions for any one incident is 60 million Special Drawing Rights (SDR)<sup><1></sup>. This amount includes the sum actually paid by the shipowner or his insurer.
- 1.3 The 1971 Fund has an Administrative Council composed of all States which at any time were Members of that Fund. The Council deals with both administrative and incident-related matters and is responsible for the winding up of the Organisation.
- 1.4 An optional third tier of compensation was created by means of a Protocol to the 1992 Fund Convention adopted in 2003. The Protocol, which entered into force on 3 March 2005, will establish a new intergovernmental organisation, the International Oil Pollution Compensation Supplementary Fund 2003 (Supplementary Fund). Any State Party to the 1992 Fund Convention may become Party to the Protocol and thereby become a Member of the Supplementary Fund. The total amount of compensation payable for any one incident for pollution damage in the States which become party to the Protocol is 750 million SDRs, including the amount payable under the 1992 Civil Liability and Fund Conventions.

## **2 Secretariat**

- 2.1 The 1971 Fund and 1992 Fund have a joint Secretariat, based in London, headed by one Director. From a formal point of view, the 1992 Fund Secretariat administers the 1971 Fund also.

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<1> The SDR which is the unit of account used in the Conventions referred to in paragraph 1.2 is valued on the basis of a basket of key international currencies and serves as the unit of account of the International Monetary Fund (IMF) and a number of other international organisations.

2.2 As at 31 December 2004 the Secretariat had 31 established posts. The Funds use external consultants to provide advice on legal and technical matters as well as on matters relating to management. In connection with a number of major incidents the Funds and the shipowner's third party liability insurer involved have jointly established local claims offices to facilitate the efficient handling of the great numbers of claims submitted and in general to assist claimants.

### **3 Audit Body**

3.1 The governing bodies of the 1971 and 1992 Funds have established a joint Audit Body for the two Funds with the following mandate:

- review the effectiveness of the Organisations regarding key issues of financial reporting, internal controls, operational procedures and risk management;
- promote the understanding and effectiveness of the audit function within the Organisations, and provide a forum to discuss internal controls; operational procedures and matters raised by the external audit;
- discuss with the External Auditor the nature and scope of each forthcoming audit;
- review the Organisations' financial statements and reports;
- consider all relevant reports by the External Auditor, including financial statements; and
- make appropriate recommendations to the governing bodies.

3.2 The Audit Body met in April, June and November 2004 and informally in October 2004 at the time of the October 2004 sessions of the governing bodies.

### **4 Investment Advisory Body**

The Assemblies of the 1971 Fund and 1992 Fund have for each Organisation established an Investment Advisory Body, consisting of experts with specialist knowledge in investment matters to advise the Director in general terms on such matters.

### **5 Financial Overview**

5.1 There are separate income and expenditure accounts for the General Fund and for each of the Major Claims Funds. The General Fund covers the 1971 Fund's expenses for the administration, including the 1971 Fund's share of the costs of running the joint Secretariat, and for compensation payments and claims related expenditure up to a maximum amount of the Pounds sterling equivalent of 1 million SDRs per incident converted at the rate applicable on the date of the incident. Separate Major Claims Funds are established for incidents where the total amount payable by the 1971 Fund exceeds 1 million SDRs.

5.2 In October 2000 the 1971 Fund purchased insurance covering any liabilities of the 1971 Fund for compensation and indemnification up to 60 million SDRs per incident (as well as legal and experts' fees) in respect of incidents occurring during the period 25 October 2000 - 24 May 2002 when the 1971 Fund Convention ceased to be in force. Two 1971 Fund incidents fall under the insurance policy, namely the *Zeinab* and *Singapura Timur* incidents. All remaining issues relating to these incidents were settled in 2004.

5.3 The 1971 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. Contributions were levied in 2003 for payment in 2004 with respect to the *Vistabella*, *Nissos Amorgos*, *Osung N°3* and *Pontoon 300* Major Claims Funds of £600 000, £11.5 million, £1.7 million and £3 million respectively. Reimbursements were made in 2004 of £17.7 million, £19.0 million, £18.4 million and £14.7 million from the surpluses on the

*Aegean Sea, Sea Prince/Yeo Myung/Yuil N°1, Sea Empress and Nakhodka* Major Claims Funds respectively to contributors to those Funds. Details of 2003 contributions levied, reimbursements made and outstanding contributions for previous financial periods are provided in **Schedule I**.

- 5.4 The 1971 Fund's assets at the end of the 2004 financial period amounting to some £22.3 million were held in Pounds sterling. Interest on investments during the period amounted to some £2.0 million.
- 5.5 During 2004 considerable progress has been made in respect of incidents involving the 1971 Fund. The incidents in which the 1971 Fund was involved during 2004 are listed in **Schedule II**.
- 5.6 Compensation payments and claims related expenditure during 2004 totalled some £6 million. The payments mainly related to the *Nissos Amorgos* incident (£4.8 million) and *Yuil N°1* incident (£0.9 million).
- 5.7 The joint Secretariat's administrative expenses for 2004 amounted to £2 624 613 compared to the appropriation of £3 292 250.
- 5.8 Following reimbursements to contributors, five Major Claims Funds were closed in 2004. There were remaining surpluses on four of these Major Claims Funds and these surpluses were transferred to the General Fund. There was a deficit on one Major Claims Fund, which was covered by transfer from the General Fund.
- 5.9 The balance sheet of the 1971 Fund as at 31 December 2004 is reproduced in **Statement V** of the financial statements. Individual statements for the General Fund, *Aegean Sea, Braer, Keumdong N°5, Sea Empress, Nakhodka, Sea Prince, Yeo Myung, Yuil N°1, Nissos Amorgos, Osung N°3, Vistabella* and *Pontoon 300* Major Claims Funds are given in **Statements III, IV.1, IV.2, IV.3 IV.4 and IV.5**. The General Fund balance as at 31 December 2004 stood at £4 891 635 which is slightly lower than the working capital of £5 million set by the Administrative Council.
- 5.10 The contingent liabilities as at 31 December 2004 were estimated at over £85 million in respect of 9 incidents as detailed in **Schedule III**.
- 5.11 At its October 2004 session the Administrative Council decided that reimbursements totalling some £9.65 million should be made in 2005 from the surpluses on the *Aegean Sea, Keumdong N°5, Sea Empress* and *Nakhodka* Major Claims Funds to contributors to these Funds.

## **6 Comments on the respective financial statements**

### **6.1 Statement of budget appropriations and obligations incurred in respect of the General Fund for the financial period 1 January - 31 December 2004 (Statement I)**

The 1971 Fund Administrative Council, at its 12th session, acting on behalf of the 1971 Fund Assembly, and the 1992 Fund Assembly, at its 8th session, respectively, decided that the 1971 Fund should pay to the 1992 Fund a flat management fee, set approximately at 10% of the joint administrative expenses, towards the cost of running the joint Secretariat for 2004. The fee was set in the budget at £325 000 for the period 1 January to 31 December 2004 (documents 71FUND/AC.12/22, paragraph 19.1 and Annex and 92FUND/A.8/30, paragraph 24.1 and Annex).

The total obligations incurred by the 1971 Fund in 2004 amounted to £357 145 compared to the total appropriation of £590 000, resulting in a saving of £232 855 relating entirely to the costs in respect of the winding up of the 1971 Fund. The 1971 Fund's share of the costs of running the joint Secretariat for 2003 was £533 140.

The total obligations incurred in respect of the joint Secretariat (excluding the costs of winding up the 1971 Fund) amounts to £2 624 613 compared with the appropriation of £3 292 250, resulting in savings of £667 637. A breakdown of the expenses is set out in Statement I and an explanation of expenditures by Chapter is provided in the 1992 Fund's Financial Statements for 2004 (document 92FUND/A.10/10, Annex I, paragraph 6.1).

A breakdown of the expenditure relating only to the 1971 Fund covered by the Chapter VII of the budget is set out below:

Chapter VII Expenditure relating only to 1971 Fund		Budget appropriation s  £	Obligations incurred		Balance of appropriation s  £
			£	%	
(a)	Management fee payable to 1992 Fund	325 000	325 000	91.00	-
(b)	Costs of winding up of the 1971 Fund	250 000	17 145	4.80	232 855
(c)	External audit fees	15 000	15 000	4.20	-
TOTAL		590 000	357 145	100.00	232 855

## 6.2 Summary of Income and Expenditure Account in respect of the General Fund and Major Claims Funds for the financial period 1 January - 31 December 2004 (Statement II)

Statement II provides a summary of the income and expenditure for the 1971 Fund for the financial period 2004.

Excluding transfers from four Major Claims Funds to the General Fund of £629 062 in connection with their closure, the income in 2004 amounted to £19 777 530 consisting mainly of £16.8 million in contributions, the receipt of a court deposit of £795 020 in respect of the *Keumdong N°5* incident and interest on investments amounting to £1 844 899. The reimbursements from the surpluses on the *Aegean Sea*, *Sea Prince/Yeo Myung/Yuil N°1*, *Sea Empress* and *Nakhodka* Major Claims Funds to contributors to these Funds totalled £69 575 937.

The total expenditure for the period amounted to £6 519 332. The expenditure mainly related to compensation payments and claims related expenditure amounting to £6 087 167 and obligations incurred of £357 145 in respect of the 1971 Fund's share of the costs of running the joint Secretariat (including costs in respect of the winding up of the 1971 Fund).

Detailed figures of income and expenditure are provided in the respective financial statements.

## 6.3 Income and Expenditure Account in respect of the General Fund for the financial period 1 January - 31 December 2004 (Statement III)

### I *Income*

As the 1971 Fund convention ceased to be in force on 24 May 2002 contributions can no longer be levied in respect of the General Fund.

The major part of the income under this head consisted of transfers of remaining balances amounting to £629 062 as a result of the closure in 2004 of the *Sea Prince*, *Yeo Myung*, *Yuil N°1* and *Osung N°3* Major Claims Funds. Interest earned on the investments amounted to £204 305.

### II *Expenditure*

The major part of the expenditure was the 1971 Fund's payment to the 1992 Fund of a management fee of £325 000 towards the costs of running the joint

Secretariat. Compensation payments and claims related expenditure totalled £122 135. This amount includes compensation payments and claims related expenditure paid from the General Fund of £66 376 in respect of three incidents after the Major Claims Fund set up for these incidents were closed (see Schedule II, paragraph 3). An amount of £75 020 was transferred to the *Braer* Major Claims Fund in connection with the closure of that Fund in 2004.

### III *Excess of income over expenditure*

A surplus of £377 760 was recorded for the financial period ended 31 December 2004.

## 6.4 Income and Expenditure Account in respect of Major Claims Funds for the financial period 1 January - 31 December 2004 (Statement IV.1 - Statement IV.5)

There were twelve Major Claims Funds in 2004. Details of income and expenditure are given in Statements IV.1-IV.5 for the respective Major Claims Funds. As indicated above five Major Claims Funds were closed in 2004. The balances on the *Sea Prince*, *Yeo Myung*, *Yuil N°1*, and *Osung N°3* Major Claims Funds amounting to £629 062 were transferred to the General Fund. The deficit on the *Braer* Major Claims Fund of £75 020 was covered by transfer from the General Fund.

### I *Income*

#### (a) Contributions

At its October 2003 session the Administrative Council, acting on behalf of the Assembly, decided to levy 2003 annual contributions, due for payment in 2004, of £600 000, £11.5 million, £1.7 million and £3.0 million to the *Vistabella*, *Nissos Amorgos*, *Osung N°3* and *Pontoon 300* Major Claims Funds respectively.

#### (b) Other income

Contributions were levied and reimbursements were made on the basis of reports on contributing oil receipts in previous years and after clarification of oil receipts. An adjustment to previous years' assessments is set out in Note 2 to the financial statements.

Interest on investments amounted to £1 640 594 for the Major Claims Funds. Individual amounts are given in the respective statements and in Note 7 to the financial statements.

### II *Expenditure*

#### (a) A total of £5 508 594 was paid in compensation from four Major Claims Funds, consisting of payments in respect of the following incidents:

	£
<i>Sea Empress</i> Major Claims Fund	1 331
<i>Keumdong N°5</i> Major Claims Fund	84 778
<i>Yuil N°1</i> Major Claims Fund	706 392
<i>Nissos Amorgos</i> Major Claims Fund	4 716 093

#### (b) Fees and other expenditures amounted to £456 438.

6.5 Balance Sheet as at 31 December 2004 (Statement V)

I *Contributions outstanding*

The amount of £374 738 represents the outstanding balances of contributions levied from 1989 to 2004, as summarised in Schedule I.

II *Contributors' account*

There is an amount of £2 253 382 due to contributors relating to reimbursements or overpayments. This amount will be set off against future levies of contributions or repaid with interest. The Administrative Council decided at its October 2003 and October 2004 sessions to postpone reimbursements to contributors in those Member States which have any oil reports outstanding until all such reports had been submitted.

III *Due to Major Claims Funds*

The balances due to the Major Claims Funds are as follows:

	£
<i>Aegean Sea Major Claims Fund</i>	921 155
<i>Keumdong N°5 Major Claims Fund</i>	8 169 118
<i>Sea Empress Major Claims Fund</i>	463 303
<i>Nakhodka Major Claims Fund</i>	524 565
<i>Nissos Amorgos Major Claims Fund</i>	2 720 316
<i>Vistabella Major Claims Fund</i>	70 072
<i>Pontoon 300 Major Claims Fund</i>	2 500 859

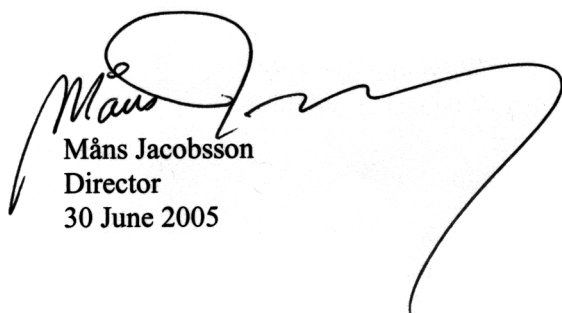
At its October 2004 session the Administrative Council decided that reimbursements should be made in 2005 from the surpluses on the *Aegean Sea*, *Keumdong N°5*, *Sea Empress* and *Nakhodka* Major Claims Funds of £800 000, £8.1million, £350 000 and £400 000 to contributors to these Funds. These Major Claims Funds will be closed in 2005 and any remaining surpluses will be transferred to the General Fund in accordance with the Financial Regulations.

IV *General Fund Balance*

The figure of £4 891 635 represents the excess of Income over Expenditure in respect of the General Fund over the years.

6.6 Cash Flow Statement for the financial period 1 January - 31 December 2004 (Statement VI)

During the period ended 31 December 2004, the net cash outflow from operating activities was £55 510 605 (partially offset by the interest from the 1971 Fund's investments amounting to £1 993 962) which resulted in reduction of the cash balance from the opening balance of £75 867 272 to £22 350 629 as at 31 December 2004 (see Note 10 to the financial statements).

  
Måns Jacobsson  
Director  
30 June 2005

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# External Auditor's Report 2004

The United Kingdom National Audit Office (NAO) provides an external audit service to the International Oil Pollution Compensation Fund 1971. The External Auditor, Sir John Bourn, has been appointed by the Administrative Council in accordance with Regulation 13 of the Financial Regulations. In addition to certifying the accounts of the Fund he has authority under the mandate to report to the Administrative Council on the economy, efficiency and effectiveness with which the Fund has used its resources.

The NAO provides external audit services to international organisations, working entirely independently of its role as the Supreme Audit Institution of the United Kingdom. The NAO has a dedicated team of professionally qualified staff with wide experience of the audit of international organisations.

The aim of the audit is to provide independent assurance to Member States, to add value to the Fund's financial management and governance, and to support the objectives of its work.

## International Oil Pollution Compensation Fund 1971.

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# Executive summary

*This section of the report summarises:*

- *The overall results of the audit – an unqualified audit opinion*
- *A summary of the key financial matters arising from the audit*
- *Issues identified from our review of the Fund's key governance arrangements.*

## Introduction

1. In October 2002, the Administrative Council of the International Oil Pollution Compensation Fund 1971 (1971 Fund) appointed the Comptroller and Auditor General of the United Kingdom as External Auditor for the four years from 2003 to 2006. This External Auditor's report for 2004 provides Member States with an overview of the audit approach and findings; and information to provide assurance on the integrity of the financial statements, internal controls and general financial management of the Fund. The report includes commentary on corporate governance arrangements for the Funds.

## Overall results of the Audit

2. We have audited the accounts of the 1971 Fund in accordance with Regulation 13 of the Financial Regulations and in conformity with the International Standards on Auditing (ISAs) as issued by the International Auditing and Assurance Standards Board (IAASB).
3. **Our audit revealed no weaknesses or errors which we considered material to the accuracy, completeness and validity of the financial statements as a whole and the External Auditor has placed an unqualified opinion on the financial statements for the period ended 31 December 2004.**

4. In accordance with the Financial Regulations, this report also includes specific observations and recommendations directed towards cost effective improvements to the Fund's financial management and control.

## **Main findings and recommendations**

### **Financial matters**

5. The detailed findings of this report provide a commentary on the Fund's financial position, together with a number of observations relating to financial matters arising from our audit. For the financial year ended 31 December 2004, the Fund reported an overall deficit of £55,688,678. During the period there was a significant reduction in claims expenditure when compared with 2003, and a reimbursement of £69,575,937 was made to contributors in respect of the *Aegean Sea, Sea Empress, Nakhodka, Sea Prince, Yeo Myung and Yuil No. 1* incidents.
6. As part of our audit we reviewed the internal controls operated by the Fund Secretariat and found these satisfactory in support of our overall audit findings.
7. We were asked as part of the audit to provide observations to management on revisions to the Financial Regulations. We note in particular the following key amendments to the Regulations, which we regard as providing a benefit to the regulatory framework:
  - The removal of single signatory cheque payments – reducing the risk of fraudulent payments;
  - Clarification of the basis of accounting (primarily United Nations System Accounting Standards);
  - Confirmation of the auditing requirements which relate to the Fund;
  - A clear framework for the operation of the joint Secretariat arrangements of the IOPC Funds and the interrelationships between them; and
  - Enhancement of the timeliness of the publication of financial statements by bringing from 31 May to 30 April the date by which financial statements are to be submitted for audit each year.

8. In addition to our work in support of the audit opinion, we undertook some specific audit work to review the arrangements for accurate reporting of dual currency investments and for authorisation of staff travel. We are pleased to confirm that, based on our sample testing, the Fund continues to have adequate procedures for reporting investments.

### **Management issues**

9. Notwithstanding the small size of the Secretariat, the IOPC Funds have been exemplary in setting a best practice governance agenda. The Funds have recognised that the existence of a sound corporate governance framework is essential to provide Member States with assurance over the use of resources and compliance with the regulatory frameworks. Our report focuses on the adequacy of key governance arrangements established by the Funds to ensure they continue to provide the best level of assurance. This is of particular importance as the Council will consider the role of the Audit Body in October 2005 and a new Director will take up responsibilities from November 2006.
10. **On internal controls** - we have been encouraged by the development of a document clearly establishing the delegated powers for authorising and committing IOPC Funds, which we encouraged the Secretariat to initiate. We have recommended further improvement to the internal control framework by the Director signing a statement on internal control, which would become part of the financial statements. This would have the benefit of clearly recording the responsibilities of the Director and enhancing his accountability for them. The requirements of the statement would not go beyond those requirements already existing within the current regulatory framework, and would be reviewed for consistency as part of the external audit process.
11. **On ethical conduct** - we reviewed the Fund's existing arrangements to secure transparency in financial management. We have made recommendations for the establishment of registers of interest and for the recording of hospitality and gifts. Furthermore, to reflect best practice we encourage the positive annual declaration by staff of compliance with the requirements of the Financial Regulations and

Administrative Instructions. We have also made recommendations for the Fund to consider the way in which arrangements might be further improved by means of a whistleblowing policy. This would ensure that staff had an appropriate mechanism through which they could report misconduct or irregularity. Such an arrangement is of particular importance in the absence of an internal audit function.

12. **On risk management** – The Fund has continued to make progress in identifying its financial and business risks; but we encourage greater impetus to complete the work, ensuring that a full and systematic risk management process can be in place prior to the arrival of the new Director.
13. **On the Audit Body** – We continue to regard the Audit Body as a beneficial and essential part of the IOPC Funds governance framework. It provides detailed scrutiny on key matters which offers valuable additional assurance to the Council Members. Furthermore, its review of the adequacy of the internal control framework and the quality of the audit arrangements is an essential part of the process to ensure the accuracy and usefulness of financial reporting. The existence of the Audit Body is to be reviewed at the October Council and we continue to commend the value this committee provides to the Council and to the management of the Fund.

## Detailed report findings

*This section of the report includes:*

- *An overall commentary on the financial performance of the Fund.*
- *Financial management issues arising from our audit work, including comments on internal controls and financial regulations.*
- *Audit observations on corporate governance.*

# Financial performance

## Summary of financial position

### Overall income against expenditure

14. During the financial year 2004, the 1971 Fund reported a General Fund operating surplus of £377,760, compared to a deficit of £995,066 in 2003.
15. When the respective surpluses and deficits on the General Fund and Major Claims Funds (MCFs) are taken into account, the 1971 Fund reported an overall deficit of £55,688,678.

### Contributions income

16. Income from contributions of £16,800,826 was received during 2004 as a result of the levies due for the *Nissos Amorgos*, *Osung No. 3*, *Vistabella* and *Pontoon 300* incidents. Reimbursements to contributors totalled £69,575,937 in relation to the *Aegean Sea*, *Sea Empress*, *Nakhodka*, *Sea Prince*, *Yeo Myung* and *Yuil No. 1* incidents.

### Miscellaneous income

17. Miscellaneous income received in 2004 was £3,605,765 (2003 £23,595,788). The fall in income reflects the fact that a global settlement for £20 million was received in 2003. Interest on investments has fallen from £2,270,198 in 2003 to £1,844,899 in 2004 – this reflects the lower cash totals held by the Fund throughout 2004.

## **Secretariat expenses**

18. Secretariat Expenses were £357,145, which represents a reduction of £175,995 compared to 2003, when in broad terms the 1971 Fund paid for 20 per cent of the Secretariats running costs. The cost comprises primarily the management fee of £325,000 payable to the 1992 Fund, which is approximately 10 per cent of the joint costs of running the Secretariat - this is in line with the decisions made by the Administrative Council and the Assembly of the 1992 Fund in October 2003. Other costs relate to the External Audit fee (£15,000) and winding up costs (£17,145).

## **Claims and claims related expenses**

19. Compensation and indemnification payments for 2004 totalled £5,511,076, compared with £7,915,847 in 2003. The majority of this expenditure related to the *Nissos Amorgos* incident (£4,716,093), where the level of payments for claims was raised to 100 per cent during 2004; and to the *Yuil No. 1* incident (£706,392), where an indemnification payment was made.
20. Claims related expenses, which mainly consist of technical and lawyers fees, were £576,091 (2003 £2,812,041). The decrease in costs reflects a fall in the number of incidents demanding such expenditure - for example, in 2003 the recourse action in respect of the *Sea Empress* incident contributed to £1.24 million of expenses for that particular Major Claims Fund.

## **Assets and liabilities**

21. Cash held by the 1971 Fund was £22,350,629 at the end of the year. The reduction in cash held from 2003 (£75,867,272) reflects the large reimbursement of contributions made in March 2004.

22. The level of outstanding assessed contributions has fallen from £781,543 to £374,738. This is an encouraging trend and the level of contributions outstanding remains very low as a percentage of contributions income. However, we would continue to encourage Contributors to maintain timely payment of assessed contributions, and for the Fund to encourage the repayment of outstanding balances.
23. The balance on the Contributors' account increased from £133,416 in 2003 to £2,253,382 at the close of 2004. This balance relates to amounts held by the Fund as credit balances pending allocation to future levies or requests for repayment.

### **Contingent liabilities**

24. Schedule III to the financial statements reports the contingent liabilities of the Fund, which are defined in the accounting policies as all known or likely claims against the Fund and claims related expenditures estimated for the next financial year. As at 31<sup>st</sup> December 2004 these liabilities were estimated at £85,290,000, based on information available at 30<sup>th</sup> April 2005.
25. Such liabilities that may materialise will need to be funded through further levies of contributions to Major Claims Funds. As at 31<sup>st</sup> December 2004 the *Nissos Amorgos* Major Claims Fund reported a balance of £2,720,316 and the balance of the *Pontoon 300* Fund stood at £2,500,859. Both of these Fund balances were lower than the estimated contingent liabilities relating to these incidents at 31<sup>st</sup> December 2004.
26. No Major Claims Funds have been established for the *Alambra* or *Iliad* incidents, although both may require additional contributions if all relevant contingent liabilities mature.



# Financial management issues

## Internal controls

27. As a routine part of our audit we reviewed the Fund's internal controls, which management establish to ensure the regularity of transactions and to provide good stewardship of resources. We found these arrangements to be satisfactory in support of our overall audit opinion.

## Winding-up of the 1971 Fund

28. The 1971 Fund Convention ceased to be in force as of 24<sup>th</sup> May 2002. Although the 1971 Fund will not be called upon to make compensation payments on any new incidents, the final settlement and closure of outstanding incidents may take many years. We believe it is still appropriate for the financial statements of the 1971 Fund to continue to be prepared on a going concern basis, as it will continue its operations for the foreseeable future.

## Non-submission of oil reports

29. We noted that several Member States had not submitted the oil reports required for the levy of contributions. We welcome the fact that the position is being reported to the Audit Body and the Administrative Council and the efforts made by the Secretariat to obtain outstanding oil reports. Although non-submission of these oil reports does not impede the running of the 1971 Fund from a financial perspective, we encourage the Fund to continue to follow up on these non-submissions in the interests of fairness to all other contributors who have paid their levies in accordance with the 1971 Fund Convention.

## Cases of fraud, Presumptive fraud or money laundering

30. There were no cases of fraud, presumptive fraud or money laundering reported to us by the Secretariat or identified in the items examined as part of our audit.

## Corporate governance

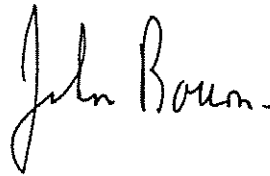
31. Corporate governance is the accountability framework under which organisations are directed and controlled. It is the system that establishes who is responsible for setting the organisation's strategic aims; providing the leadership to put them into effect; supervising the management of the organisation; and reporting the progress of the organisation to interested stakeholders, which in the case of the 1971 Fund are primarily the Member States.
32. The principles and philosophy of good governance has been developed and enhanced in the private sector in the wake of high profile corporate failures; and best practice principles have been extended to the public sector. Key elements of good governance are transparency and accountability.
33. We have reviewed the Fund's approach to fundamental requirements and procedures commonly used to secure and promote good governance, and have provided observations and recommendations to management on the areas of transparency, staff conduct, risk management and the work of the Audit Body. In addition to the areas identified in the Executive Summary, further detailed observations can be found in our report to the Assembly of the International Oil Pollution Compensation Fund 1992.

## Follow up to prior year audit recommendations

34. There are no matters arising from my 2003 audit that are not covered in this report.

## Acknowledgment

35. We are grateful for the assistance and co-operation provided by the Director and the staff of the Secretariat during our audit.



**Sir John Bourn**

**Comptroller and Auditor General, United Kingdom**

**External Auditor**

## Scope and audit approach

### Audit Scope

1. The audit examined the financial statements of the International Oil Pollution Compensation Fund 1971 (the 1971 Fund) for the financial period ended 31 December 2004 in accordance with Financial Regulation 13 of the Financial Regulations.

### Audit Objectives

2. The main purpose of the audit was to enable the External Auditor to form an opinion as to whether the financial statements fairly present the Fund's financial position, its surplus, funds and cash flows for the financial period; and whether they had been properly prepared in accordance with the Financial Regulations.

### Audit Standards

3. The audit was conducted in accordance with the International Standards on Auditing (ISAs) as issued by the International Auditing and Assurance Standards Board (IAASB). These standards require us to plan and carry out the audit so as to obtain reasonable assurance that the financial statements are free from material misstatement. Management were responsible for preparing these financial statements and the External Auditor is responsible for expressing an opinion on them, based on evidence obtained during the audit.

## Audit Approach

4. In accordance with the ISAs, our audit included a general review of the accounting systems and such tests of the accounting records and internal control procedures as we considered necessary in the circumstances. The audit procedures are designed primarily for the purpose of forming an opinion on the Fund's financial statements. Consequently our work did not involve detailed review of all aspects of financial and budgetary systems from a management perspective, and the results should not be regarded as a comprehensive statement of all weaknesses that exist or all improvements that might be made.
5. The audit also included focused work in which all material areas of the financial statements were subject to direct substantive testing. A final examination was carried out to ensure that the financial statements accurately reflected the Fund's accounting records; that the transactions conformed to the financial regulations and directives issued by the Administrative Council; and were fairly presented.

\* \* \*

**FINANCIAL STATEMENTS OF THE INTERNATIONAL OIL POLLUTION  
COMPENSATION FUND 1971 FOR THE YEAR ENDED 31 DECEMBER 2004**

**AUDIT OPINION**

**To: the Assembly of the International Oil Pollution Compensation Fund 1971**

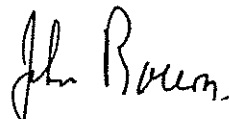
I have audited the accompanying financial statements, comprising Statements I to VI, Schedules I to III and the supporting Notes of the International Oil Pollution Compensation Fund 1971 for the financial period ended 31 December 2004. These financial statements are the responsibility of the Director. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with the International Standards on Auditing (ISAs) as issued by the International Auditing and Assurance Standards Board (IAASB). Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, and as considered by the auditor to be necessary in the circumstances, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Director, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for the audit opinion.

In my opinion, these financial statements present fairly, in all material respects, the financial position as at 31 December 2004 and the results of operations and cash flows for the period then ended in accordance with the 1971 Fund's stated accounting policies set out in Note 1 of the financial statements, which were applied on a basis consistent with that of the preceding financial period.

Further, in my opinion, the transactions of the 1971 Fund, which I have tested as part of my audit have in all significant respects been in accordance with the Financial Regulations and legislative authority.

In accordance with Financial Regulation 13, I have also issued a long-form Report on my audit of the Fund's financial statements.



**Sir John Bourn  
Comptroller and Auditor General  
United Kingdom  
External Auditor**

**London, 30 June 2005**

**ANNEX IV**

**FINANCIAL STATEMENTS  
OF THE INTERNATIONAL OIL  
POLLUTION COMPENSATION FUND 1971  
FOR THE FINANCIAL YEAR  
ENDED 31 DECEMBER 2004**

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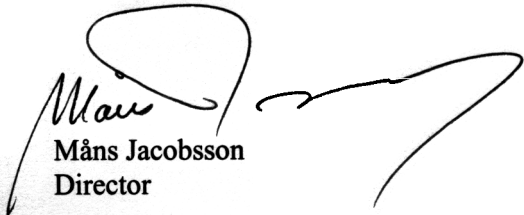
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**CERTIFICATION OF THE FINANCIAL STATEMENTS**

The appended financial statements numbered I to VI and the supporting schedules are certified.



Måns  
Måns Jacobsson  
Director



Ranjit S P Pillai  
Head Finance & Administration Department

**STATEMENT I  
GENERAL FUND**

STATEMENT OF BUDGET APPROPRIATIONS AND OBLIGATIONS INCURRED FOR THE FINANCIAL PERIOD 1 JANUARY - 31 DECEMBER 2004

CLASS OF EXPENDITURE		BUDGET APPROPRIATIONS		REVISED BUDGET APPROPRIATIONS		OBLIGATIONS INCURRED		BALANCE OF APPROPRIATIONS		OBLIGATIONS	
		2004	2003	2004	2003	2004	2003	2004	2003	1992 Fund	1971 Fund
SECRETARIAT		£	£	£	£	£	£	£	£	£	£
<b>I</b>	<b>PERSONNEL</b>										
a	Salaries	1 341 000	1 275 816	1 341 000	1 254 254	1 161 433	1 105 414	179 567	148 840	1 161 433	-
b	Separation and recruitment	115 000	35 000	115 000	40 623	29 619	40 623	85 381	-	29 619	-
c	Staff benefits, allowances and training	551 800	523 341	551 800	523 341	399 377	400 877	152 423	122 464	399 377	-
		<b>2 007 800</b>	<b>1 834 157</b>	<b>2 007 800</b>	<b>1 818 218</b>	<b>1 590 429</b>	<b>1 546 914</b>	<b>417 371</b>	<b>271 304</b>	<b>1 590 429</b>	<b>-</b>
<b>II</b>	<b>GENERAL SERVICES</b>										
a	Rent of office accommodation	249 700	249 700	249 700	249 700	235 995	236 049	13 705	13 651	235 995	-
b	Office machines	90 000	71 500	90 000	71 500	45 284	46 870	44 716	24 630	45 284	-
c	Furniture and other office equipment	17 500	17 500	17 500	17 500	6 527	8 366	10 973	9 134	6 527	-
d	Office stationery and supplies	20 000	20 000	13 587	20 000	12 448	16 001	1 139	3 999	12 448	-
e	Communications	65 000	65 000	65 000	65 000	55 193	52 890	9 807	12 110	55 193	-
f	Other supplies and services	41 000	41 000	47 413	40 642	47 413	28 565	-	12 077	47 413	-
g	Hospitality	18 000	22 500	18 000	22 858	16 875	22 858	1 125	-	16 875	-
h	Public information	180 000	180 000	179 560	180 000	86 027	126 354	93 533	53 646	86 027	-
		<b>681 200</b>	<b>667 200</b>	<b>680 760</b>	<b>667 200</b>	<b>505 762</b>	<b>537 953</b>	<b>174 998</b>	<b>129 247</b>	<b>505 762</b>	<b>-</b>
<b>III</b>	<b>MEETINGS</b>	<b>145 000</b>	<b>126 500</b>	<b>145 440</b>	<b>126 500</b>	<b>145 440</b>	<b>111 913</b>	<b>-</b>	<b>14 587</b>	<b>145 440</b>	<b>-</b>
<b>IV</b>	<b>TRAVEL</b>										
	Conferences, seminars and missions	100 000	70 000	100 000	70 000	84 415	58 056	15 585	11 944	84 415	-
<b>V</b>	<b>MISCELLANEOUS EXPENDITURE</b>										
a	External Audit	53 250	50 000	53 250	50 000	53 250	50 000	-	-	53 250	-
b	Consultants' fees	125 000	125 000	125 000	118 924	87 455	118 924	37 545	-	87 455	-
c	Audit Body	90 000	50 000	90 000	72 015	82 075	72 015	7 925	-	82 075	-
d	Investment Advisory Body	30 000	30 000	30 000	30 000	30 000	30 000	-	-	30 000	-
		<b>298 250</b>	<b>255 000</b>	<b>298 250</b>	<b>270 939</b>	<b>252 780</b>	<b>270 939</b>	<b>45 470</b>	<b>-</b>	<b>252 780</b>	<b>-</b>
<b>VI</b>	<b>UNFORESEEN EXPENDITURE</b>	<b>60 000</b>	<b>60 000</b>	<b>60 000</b>	<b>60 000</b>	<b>45 787</b>	<b>18 020</b>	<b>14 213</b>	<b>41 980</b>	<b>45 787</b>	<b>-</b>
<b>TOTAL I - VI</b>		<b>3 292 250</b>	<b>3 012 857</b>	<b>3 292 250</b>	<b>3 012 857</b>	<b>2 624 613</b>	<b>2 543 795</b>	<b>667 637</b>	<b>469 062</b>	<b>2 624 613</b>	<b>-</b>
<b>VII</b>	<b>Expenditure relating only to 71Fund (Note 8)</b>										
(a)	Management fee payable to 1992 Fund	325 000	-	325 000	-	325 000	-	-	-	(325 000)	325 000
(b)	Costs for winding up of the 1971 Fund	250 000	250 000	250 000	250 000	17 145	-	232 855	250 000	-	17 145
(c)	External audit fees for 2003 Financial Statements-1971 Fund only	15 000	-	15 000	-	15 000	-	-	-	(15 000)	15 000
<b>TOTAL OBLIGATIONS 1992 FUND / 1971 FUND</b>										<b>2 284 613</b>	<b>357 145</b>

Note A: This statement deals only with administrative expenditure. Expenditure in respect of claims is dealt with in Statement III for the General Fund and in Statements IV.1 to IV.5 for the various Major Claims Fu

**STATEMENT II**

**SUMMARY OF INCOME AND EXPENDITURE ACCOUNT OF THE GENERAL FUND AND MAJOR CLAIMS FUNDS  
FOR THE FINANCIAL PERIOD 1 JANUARY - 31 DECEMBER 2004**

2004														2004	2003
	General Fund	Aegean Sea	Braer	Kuemdong N°5	Sea Empress	Nakhodka	Sea Prince	Yeo Myung	Yuil No1	Nissos Amorgos	Osung N°3	Vistabella	Pontoon 300	Total	Total
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
<b>INCOME</b>															
<b>Contributions</b>															
Contributions & adjustment to prior years' assessment	758	-	-	-	-	-	-	-	-	11 499 980	1 700 031	600 033	3 000 024	16 800 826	(31 031)
Reimbursement to contributors	-	(17 581 431)	-	-	(18 327 566)	(14 699 973)	(11 180 528)	(3 693 567)	(4 092 872)	-	-	-	-	(69 575 937)	-
<b>Miscellaneous</b>	758	(17 581 431)	-	-	(18 327 566)	(14 699 973)	(11 180 528)	(3 693 567)	(4 092 872)	11 499 980	1 700 031	600 033	3 000 024	(52 775 111)	(31 031)
Sundry income	39 513	3 175	-	-	-	-	-	-	-	-	-	-	-	42 688	-
Transfer from MCFs	629 062	-	-	-	-	-	-	-	-	-	-	-	-	629 062	-
Interest on loan	7 540	7 524	-	-	-	24 958	-	-	-	-	-	-	-	40 022	161 926
Interest on overdue contributions	50 882	36 741	18 216	5 737	6 850	46 293	7 788	1 056	5 931	1 114	9 075	-	108	189 791	26 542
Interest on investments	204 305	268 972	-	373 809	286 263	177 231	132 913	44 951	62 378	205 345	-	2 438	86 294	1 844 899	2 270 198
Interest on Court Deposit	-	-	-	64 283	-	-	-	-	-	-	-	-	-	64 283	24 228
Refund of Court Deposit	-	-	-	795 020	-	-	-	-	-	-	-	-	-	795 020	1 112 894
Recovery as a result of global settlement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20 000 000
	<b>931 302</b>	<b>316 412</b>	<b>18 216</b>	<b>1 238 849</b>	<b>293 113</b>	<b>248 482</b>	<b>140 701</b>	<b>46 007</b>	<b>68 309</b>	<b>206 459</b>	<b>9 075</b>	<b>2 438</b>	<b>86 402</b>	<b>3 605 765</b>	<b>23 595 788</b>
<b>Total income</b>	<b>932 060</b>	<b>(17 265 019)</b>	<b>18 216</b>	<b>1 238 849</b>	<b>(18 034 453)</b>	<b>(14 451 491)</b>	<b>(11 039 827)</b>	<b>(3 647 560)</b>	<b>(4 024 563)</b>	<b>11 706 439</b>	<b>1 709 106</b>	<b>602 471</b>	<b>3 086 426</b>	<b>(49 169 346)</b>	<b>23 564 757</b>
<b>EXPENDITURE</b>															
<b>Secretariat expenses</b>															
Obligations incurred	357 145	-	-	-	-	-	-	-	-	-	-	-	-	357 145	533 140
<b>Claims</b>															
Compensation	2 482	-	-	84 778	1 331	-	-	-	706 392	4 716 093	-	-	-	5 511 076	7 915 847
Claims related expenditure & Interest on loans	119 653	7 144	21 256	83	-	-	8 025	-	160 212	148 872	7 524	16 564	86 758	576 091	2 812 041
	<b>122 135</b>	<b>7 144</b>	<b>21 256</b>	<b>84 861</b>	<b>1 331</b>	<b>-</b>	<b>8 025</b>	<b>-</b>	<b>866 604</b>	<b>4 864 965</b>	<b>7 524</b>	<b>16 564</b>	<b>86 758</b>	<b>6 087 167</b>	<b>10 727 888</b>
Transfer to MCFs	75 020	-	-	-	-	-	-	-	-	-	-	-	-	75 020	-
<b>Total expenditure</b>	<b>554 300</b>	<b>7 144</b>	<b>21 256</b>	<b>84 861</b>	<b>1 331</b>	<b>-</b>	<b>8 025</b>	<b>-</b>	<b>866 604</b>	<b>4 864 965</b>	<b>7 524</b>	<b>16 564</b>	<b>86 758</b>	<b>6 519 332</b>	<b>11 261 028</b>
Income less expenditure	377 760	(17 272 163)	(3 040)	1 153 988	(18 035 784)	(14 451 491)	(11 047 852)	(3 647 560)	(4 891 167)	6 841 474	1 701 582	585 907	2 999 668		
Exchange adjustment	-	(39)	-	(57 701)	-	-	-	-	-	-	-	-	-		
Balance b/f: 1 January	4 513 875	18 193 357	(71 980)	7 072 831	18 499 087	14 976 056	11 174 257	3 758 283	5 135 652	(4 121 158)	(1 554 133)	(515 835)	(498 809)		
	4 891 635	921 155	(75 020)	8 169 118	463 303	524 565	126 405	110 723	244 485	2 720 316	147 449	70 072	2 500 859		
Transfer (to)/from General Fund	-	-	75 020	-	-	-	(126 405)	(110 723)	(244 485)	-	(147 449)	-	-		
<b>Balance as at 31 December</b>	<b>4 891 635</b>	<b>921 155</b>	<b>-</b>	<b>8 169 118</b>	<b>463 303</b>	<b>524 565</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 720 316</b>	<b>-</b>	<b>70 072</b>	<b>2 500 859</b>		

STATEMENT III

**GENERAL FUND**

INCOME AND EXPENDITURE ACCOUNT FOR THE  
FINANCIAL PERIOD 1 JANUARY - 31 DECEMBER 2004

	Note	2004		2003	
		£	£	£	£
<b>INCOME</b>					
<b>Contributions (Schedule I)</b>					
Adjustment to prior years' assessment	2	758		(5 056)	
			758		(5 056)
<b>Miscellaneous</b>					
Sundry income	3	39 513		-	
Transfer from <i>Sea Prince</i> MCF	4	126 405		-	
Transfer from <i>Yeo Myung</i> MCF	4	110 723		-	
Transfer from <i>Yuil N°1</i> MCF	4	244 485		-	
Transfer from <i>Osung N°3</i> MCF	4	147 449		-	
Interest on loan to <i>Vistabella</i> MCF	5(a)	2 192		13 170	
Interest on loan to <i>Pontoon 300</i> MCF	5(a)	3 031		16 522	
Interest on loan to <i>Nissos Amorgos</i> MCF	5(a)	2 317		13 303	
Interest on loan to <i>Braer</i> MCF		-		4 816	
Interest on loan to <i>Sea Empress</i> MCF		-		21 485	
Interest on overdue contributions	6	50 882		2 090	
Less Interest on overdue contributions waived		-		(21)	
Interest on investments	7	204 305		88 389	
			931 302		159 754
Total income			932 060		154 698
<b>EXPENDITURE</b>					
<b>Secretariat expenses (Statement I)</b>					
Obligations incurred	8		357 145		533 140
<b>Claims (Schedule II)</b>					
Compensation		2 482		951 906	
Recovery from insurer		-	2 482	(518 528)	433 378
<b>Claims related expenses (Schedule II)</b>					
Fees		132 586		190 678	
Travel		1 468		17 323	
Miscellaneous		81		531	
Recovery from insurer	1(b)	(14 482)		(25 286)	
			119 653		183 246
Transfer to <i>Braer</i> MCF	4		75 020		-
Total expenditure			554 300		1 149 764
(Shortfall)/excess of income over expenditure			377 760		(995 066)
Balance b/f: 1 January			4 513 875		5 508 941
<b>Balance as at 31 December</b>	16		<b>4 891 635</b>		<b>4 513 875</b>

STATEMENT IV.1

INCOME AND EXPENDITURE ACCOUNT OF  
THE AEGEAN SEA AND BRAER MAJOR CLAIMS FUNDS  
FOR THE FINANCIAL PERIOD 1 JANUARY - 31 DECEMBER 2004

	Note	<i>Aegean Sea Major Claims Fund</i>				<i>Braer Major Claims Fund</i>			
		2004		2003		2004		2003	
		£	£	£	£	£	£	£	£
<b>INCOME</b>									
<b>Contributions (Schedule I)</b>									
Adjustment to prior years' assessment		-		(8 392)		-		(8 232)	
Reimbursement to contributors		(17 581 431)		-		-		-	
			(17 581 431)		(8 392)		-		(8 232)
<b>Miscellaneous</b>									
Sundry income	3	3 175		-		-		-	
Interest on loans to <i>Osung N°3</i> MCF	5(b)	7 524		44 198		-		-	
Interest on overdue contributions	6	36 741		-		18 216		-	
Interest on investments	7	268 972		669 752		-		-	
			316 412		713 950		18 216		-
Total income			(17 265 019)		705 558		18 216		(8 232)
<b>EXPENDITURE (Schedule II)</b>									
Compensation/Indemnification		-		2 895 274		-		-	
Fees		7 128		897 279		21 201		5 484	
Interest on loan from General Fund		-		-		-		4 816	
Travel		-		-		-		-	
Miscellaneous		16		(952)		55		-	
Total expenditure			7 144		3 791 601		21 256		10 300
(Shortfall)/excess of income over expenditure			(17 272 163)		(3 086 043)		(3 040)		(18 532)
Exchange adjustment	9		(39)		4 094		-		-
Balance b/f: 1 January			18 193 357		21 275 306		(71 980)		(53 448)
			921 155		18 193 357		(75 020)		(71 980)
Transfer from General Fund	4		-		-		75 020		-
<b>Balance as at 31 December</b>			<b>921 155</b>		<b>18 193 357</b>		<b>-</b>		<b>(71 980)</b>

STATEMENT IV.2

INCOME AND EXPENDITURE ACCOUNT OF  
KEUMDONG N°5, SEA EMPRESS AND NAKHODKA MAJOR CLAIMS FUNDS  
FOR THE FINANCIAL PERIOD 1 JANUARY - 31 DECEMBER 2004

	Note	<i>Keumdong N°5 Major Claims Fund</i>				<i>Sea Empress Major Claims Fund</i>				<i>Nakhodka Major Claims Fund</i>			
		2004		2003		2004		2003		2004		2003	
		£	£	£	£	£	£	£	£	£	£	£	£
<b>INCOME</b>													
<b>Contributions (Schedule I)</b>													
Adjustment to prior years' assessment		-		(2 299)		-		-		-		-	
Reimbursement to contributors		-		-		(18 327 566)		-		(14 699 973)		-	
			-		(2 299)		(18 327 566)		-		(14 699 973)		-
<b>Miscellaneous</b>													
Interest on loan to <i>Nissos Amorgos</i> MCF	5(c)	-		-		-		-		24 958		48 432	
Interest on overdue contributions	6	5 737		-		6 850		-		46 293		19 954	
Interest on investments	7	373 809		263 177		286 263		450		177 231		508 767	
Interest on Court Deposit		64 283		-		-		-		-		-	
Refund of Court Deposit	9	795 020		-		-		-		-		-	
Recovery as a result of settlement		-		-		-		20 000 000		-		-	
			1 238 849		263 177		293 113		20 000 450		248 482		577 153
Total income			1 238 849		260 878		(18 034 453)		20 000 450		(14 451 491)		577 153
<b>EXPENDITURE (Schedule II)</b>													
Compensation/Indemnification		84 778		-		1 331		324 172		-		-	
Fees		76		2 554		-		1 241 708		-		14 076	
Interest on loan from General Fund		-		-		-		21 485		-		-	
Travel		-		-		-		-		-		-	
Miscellaneous		7		3		-		182		-		12	
Total expenditure			84 861		2 557		1 331		1 587 547		-		14 088
Excess/(shortfall) of income over expenditure			1 153 988		258 321		(18 035 784)		18 412 903		(14 451 491)		563 065
Exchange adjustment	9		(57 701)		-		-		-		-		(365)
Balance b/f: 1 January			7 072 831		6 814 510		18 499 087		86 184		14 976 056		14 413 356
<b>Balance as at 31 December</b>			<b>8 169 118</b>		<b>7 072 831</b>		<b>463 303</b>		<b>18 499 087</b>		<b>524 565</b>		<b>14 976 056</b>

**STATEMENT IV.3**

**INCOME AND EXPENDITURE ACCOUNT OF  
THE SEA PRINCE, YEO MYUNG AND YUIL N°1 MAJOR CLAIMS FUNDS  
FOR THE FINANCIAL PERIOD 1 JANUARY - 31 DECEMBER 2004**

	Note	<i>Sea Prince Major Claims Fund</i>				<i>Yeo Myung Major Claims Fund</i>				<i>Yuil N°1 Major Claims Fund</i>			
		2004		2003		2004		2003		2004		2003	
		£	£	£	£	£	£	£	£	£	£	£	
<b>INCOME</b>													
<b>Contributions (Schedule I)</b>													
Adjustment to prior years' assessment		-		(3 902)		-		(453)		-		(2 697)	
Reimbursement to contributors		(11 180 528)		-		(3 693 567)		-		(4 092 872)		-	
			(11 180 528)		(3 902)		(3 693 567)		(453)		(4 092 872)		(2 697)
<b>Miscellaneous</b>													
Interest on overdue contributions	6	7 788		259		1 056		-		5 931		297	
Interest on investments	7	132 913		399 324		44 951		139 987		62 378		200 352	
Interest on Court Deposit		-		24 228		-		-		-		-	
Refund of Court Deposit		-		1 112 894		-		-		-		-	
			140 701		1 536 705		46 007		139 987		68 309		200 649
Total income			(11 039 827)		1 532 803		(3 647 560)		139 534		(4 024 563)		197 952
<b>EXPENDITURE (Schedule II)</b>													
Compensation/Indemnification		-		9 324		-		-		706 392		567 455	
Fees		8 022		55 733		-		-		160 207		128 834	
Travel		-		-		-		199		-		-	
Miscellaneous		3		22		-		-		5		19	
Total expenditure			8 025		65 079		-		199		866 604		696 308
Excess/(shortfall) of income over expenditure			(11 047 852)		1 467 724		(3 647 560)		139 335		(4 891 167)		(498 356)
Exchange adjustment			-		(76 677)		-		-		-		-
Balance b/f: 1 January			11 174 257		9 783 210		3 758 283		3 618 948		5 135 652		5 634 008
			126 405		11 174 257		110 723		3 758 283		244 485		5 135 652
Transfer to General Fund	4		(126 405)		-		(110 723)		-		(244 485)		-
<b>Balance as at 31 December</b>			-		<b>11 174 257</b>		-		<b>3 758 283</b>		-		<b>5 135 652</b>

STATEMENT IV.4

INCOME AND EXPENDITURE ACCOUNT OF  
THE NISSOS AMORGOS AND OSUNG N°3 MAJOR CLAIMS FUNDS  
FOR THE FINANCIAL PERIOD 1 JANUARY - 31 DECEMBER 2004

	Note	<i>Nissos Amorgos Major Claims Fund</i>				<i>Osung N°3 Major Claims Fund</i>			
		2004		2003		2004		2003	
		£	£	£	£	£	£	£	£
<b>INCOME</b>									
<b>Contributions (Schedule I)</b>									
Contributions (second levy)		11 499 980		-		1 700 031		-	
			11 499 980		-		1 700 031		-
<b>Miscellaneous</b>									
Interest on overdue contributions	6	1 114		745		9 075		3 218	
Interest on investments	7	205 345		-		-		-	
			206 459		745		9 075		3 218
Total income			11 706 439		745		1 709 106		3 218
<b>EXPENDITURE (Schedule II)</b>									
Compensation/Indemnification		4 716 093		3 686 244		-		-	
Fees		104 799		40 336		-		-	
Interest on loan from General Fund	5(a)	2 317		13 303		-		-	
Interest on loan from <i>Aegean Sea</i> MCF	5(b)	-		-		7 524		44 198	
Interest on loan from <i>Nakhodka</i> MCF	5(c)	24 958		48 432		-		-	
Travel		16 511		-		-		-	
Miscellaneous		287		266		-		-	
Total expenditure			4 864 965		3 788 581		7 524		44 198
(Shortfall)/excess of income over expenditure			6 841 474		(3 787 836)		1 701 582		(40 980)
Exchange adjustment			-		(23)		-		-
Balance b/f: 1 January			(4 121 158)		(333 299)		(1 554 133)		(1 513 153)
			2 720 316		(4 121 158)		147 449		
Transfer to General Fund	4		-		-		(147 449)		-
<b>Balance as at 31 December</b>			<b>2 720 316</b>		<b>(4 121 158)</b>		<b>-</b>		<b>(1 554 133)</b>



STATEMENT IV.5

INCOME AND EXPENDITURE ACCOUNT OF  
THE VISTABELLA AND PONTOON 300 MAJOR CLAIMS FUNDS  
FOR THE FINANCIAL PERIOD 1 JANUARY - 31 DECEMBER 2004

	Note	<i>Vistabella Major Claims Fund</i>		<i>Pontoon 300 Major Claims Fund</i>	
		2004		2004	
<b>INCOME</b>		£	£	£	£
<b>Contributions (Schedule I)</b>					
Contributions (first levy)		600 033		3 000 024	
			600 033		3 000 024
<b>Miscellaneous</b>					
Interest on overdue contributions	6	-		110	
Less Interest on overdue contributions waived		-		(2)	
Interest on investments	7	2 438		86 294	
			2 438		86 402
Total income			602 471		3 086 426
<b>EXPENDITURE (Schedule II)</b>					
Compensation/Indemnification		-		-	
Fees		14 372		72 012	
Interest on loan from General Fund	5(a)	2 192		3 031	
Travel		-		11 432	
Miscellaneous		-		283	
Total expenditure			16 564		86 758
(Shortfall)/excess of income over expenditure			585 907		2 999 668
Balance b/f: 1 January			(515 835)		(498 809)
<b>Balance as at 31 December</b>			<b>70 072</b>		<b>2 500 859</b>

STATEMENT V

**BALANCE SHEET OF THE 1971 FUND AS AT 31 DECEMBER 2004**

	Note	2004	2003
<b>ASSETS</b>		£	£
Cash at banks and in hand	10	22 350 629	75 867 272
Contributions outstanding	11	374 738	781 543
Interest on overdue contributions outstanding	6	108 583	60 653
Due from <i>Vistabella</i> MCF		-	515 835
Due from <i>Pontoon 300</i> MCF		-	498 809
Due from <i>Nissos Amorgos</i> MCF to General Fund and <i>Nakhodka</i> MCF		-	4 121 158
Due from <i>Braer</i> MCF		-	71 980
Due from <i>Osung N°3</i> MCF to <i>Aegean Sea</i> MCF		-	1 554 133
Tax recoverable	12	2 625	81 887
Miscellaneous receivable	13	4 136	20 237
<b>TOTAL ASSETS</b>		<b>22 840 711</b>	<b>83 573 507</b>
<b>LIABILITIES</b>			
Accounts payable		-	168
Contributors' account	14	2 253 382	133 416
Due to 1992 Fund	15	326 306	116 525
Due to <i>Aegean Sea</i> MCF		921 155	18 193 357
Due to <i>Keumdong N°5</i> MCF		8 169 118	7 072 831
Due to <i>Sea Empress</i> MCF		463 303	18 499 087
Due to <i>Nakhodka</i> MCF		524 565	14 976 056
Due to <i>Sea Prince</i> MCF		-	11 174 257
Due to <i>Yeo Myung</i> MCF		-	3 758 283
Due to <i>Yuil N°1</i> MCF		-	5 135 652
Due to <i>Nissos Amorgos</i> MCF		2 720 316	-
Due to <i>Vistabella</i> MCF		70 072	-
Due to <i>Pontoon 300</i> MCF		2 500 859	-
<b>TOTAL LIABILITIES</b>		<b>17 949 076</b>	<b>79 059 632</b>
<b>GENERAL FUND BALANCE</b>	16	<b>4 891 635</b>	<b>4 513 875</b>
<b>TOTAL LIABILITIES AND GENERAL FUND BALANCE</b>		<b>22 840 711</b>	<b>83 573 507</b>

STATEMENT VI

**CASH FLOW STATEMENT OF THE 1971 FUND  
FOR THE FINANCIAL PERIOD 1 JANUARY - 31 DECEMBER 2004**

	2004		2003	
	£	£	£	£
Cash as at 1 January		75 867 272		63 299 787
<b>OPERATING ACTIVITIES</b>				
Operating Deficit	(58 145 359)		9 960 560	
Decrease/(Increase) in Debtors	454 238		233 735	
Increase/(Decrease) in Creditors	2 180 516		98 118	
Net cash flow from operating activities		(55 510 605)		10 292 413
<b>RETURNS ON INVESTMENTS</b>				
Interest on investments	1 993 962		2 275 072	
Net cash inflow from returns on investments		1 993 962		2 275 072
<b>Cash as at 31 December</b>		<b>22 350 629</b>		<b>75 867 272</b>

## NOTES TO FINANCIAL STATEMENTS

### 1 Significant Accounting Policies

In accordance with the 1971 Fund's Financial Regulation 12.3(b) and in compliance with United Nations accounting standards where appropriate, the principal accounting policies followed in arriving at the financial information given in the respective statements are set out below.

(a) Rules and procedures

The financial statements are prepared in accordance with the Financial Regulations of the 1971 Fund, and in compliance with the provisions of the 1971 Fund Convention and the Internal Regulations of the 1971 Fund.

(b) Basis of preparation

The accounts are prepared on the basis of a General Fund and Major Claims Funds, as laid down in Financial Regulation 7.

The financial period is the calendar year.

Under the original text of the 1971 Fund Convention (Article 43.1) the Convention would cease to be in force when the number of Contracting States fell below three. Since it was unlikely that this would happen in the foreseeable future a Protocol was adopted in September 2000 (2000 Protocol) to amend Article 43.1. Under the amended text the 1971 Fund Convention would cease to be in force on the date on which the number of 1971 Fund Members fell below 25 or 12 months following the date on which the governing body of the 1971 Fund noted that the total quantity of contributing oil received in the remaining Member States fell below 100 million tonnes, whichever was the earlier. The 1971 Fund Convention ceased to be in force on 24 May 2002 as a result of the denunciation of the 1971 Fund Convention by the United Arab Emirates, bringing the total number of 1971 Fund Member States below 25.

The financial statements have been prepared on the basis that the 1971 Fund's operations will continue for several years, to enable the 1971 Fund to satisfy pending compensation claims arising from incidents which occurred prior to when the 1971 Fund Convention ceased to be in force. All existing liabilities for the past incidents are covered by current investments and cash holdings or the reasonable expectation that the contributors in the Member States at the time of the incident will continue to pay contributions so as to enable the 1971 Fund to satisfy compensation claims.

At its October 2000 session the governing body of the 1971 Fund authorised the Director to purchase insurance covering any liabilities of the 1971 Fund for compensation and indemnification in respect of incidents occurring during the period 25 October 2000 to 24 May 2002 up to 60 million Special Drawing Rights (SDRs) per incident minus the amount actually paid by the shipowner or his insurer under the 1969 Civil Liability Convention, as well as legal and other expert fees, with the 1971 Fund having to cover a deductible of 250 000 SDRs for each incident. The premium for this insurance was paid as claims expenditure during the 2000 and 2001 financial years.

(c) Accounting convention

The accounts are prepared under the historical cost convention, modified to the extent that the cost of all property acquired is immediately charged as an expense, in accordance with Financial Regulation 11.4. No adjustment to the accounts has been made in view of the progressive winding up of the 1971 Fund.

(d) Administrative expenditure

Expenditure comprises payments and unliquidated obligations incurred in respect of the current budget year.

Obligations are recorded on the basis of contracts, purchase orders, agreements or other forms of legal undertaking.

Unliquidated obligations are obligations or that part of obligations which are not yet paid. In accordance with Financial Regulation 6.4, appropriations for unliquidated obligations remain available to discharge legal obligations for 24 months following the end of the financial period to which they relate.

The amounts are net of Value Added Tax.

(e) Expenditure arising out of incidents

Expenditure arising out of incidents is charged in the year of payment. There is no specific appropriation to meet any settlement of claims.

As regards any incident occurring before 25 October 2000 expenses up to 1 million SDRs are charged to the General Fund in accordance with Financial Regulation 7.1(c)(i), and expenses over that amount to the Major Claims Fund constituted for the incident in question in accordance with Financial Regulation 7.2(d). For incidents occurring after that date up to 24 May 2002 when the 1971 Fund Convention ceased to be in force, expenses are covered by the insurance policy taken out by the 1971 Fund subject to a deductible of 250 000 SDRs which is payable from the General Fund (cf Note 1(b)).

A report on expenditure arising out of incidents is provided in **Schedule II**.

(f) Contingent liabilities

In accordance with Financial Regulation 12.3(b), details of contingent liabilities are given in **Schedule III**. Estimates of contingent liabilities include all known or likely claims against the 1971 Fund. All these claims may not necessarily mature. In the case of fees, these are calculated for the coming year only, due to the difficulties of predicting the length and cost of legal proceedings or of negotiations for reaching out-of-court settlements. Those liabilities which mature will, under the 1971 Fund Convention, be met from contributions levied by the Administrative Council.

(g) Income

Income is based on firm revenues due in the financial period and either received or receivable in this period.

Income from contributions is included only after the contributions are invoiced on the basis of figures on contributing oil receipts reported by Member States. Interest on overdue contributions is included only in the year in which the overdue annual contribution is actually paid.

Investment income is based only on interest received from investments maturing during the financial period.

A report on contributions is provided in **Schedule I**.

(h) Investments

Investments of the 1971 Fund's assets include the assets of the Contributors' Account, which are merged with the 1971 Fund's assets for investment purposes, in order to obtain better interest rates.

(i) Loans between funds

Financial Regulations 7.1(c)(iv) and 7.2(d), respectively, provide that loans can be made from the General Fund to a Major Claims Fund and from a Major Claims Fund to the General Fund or to another Major Claims Fund. Such loans shall be reimbursed with interest, in accordance with Financial Regulations 7.1(a)(v) and 7.2(b)(iii).

Interest on any loan made under these provisions is calculated at the rate of interest applicable during the relevant period, based on the opportunity cost of any investment that was foregone because of the loan. Where, however, loans are taken frequently over several months, the interest is calculated at a preferential rate above the lowest London clearing bank base rate.

(j) Translation of currencies

The 1971 Fund's assets and liabilities at the end of the 2004 financial period were all held in Pounds sterling. Gains and losses arising from foreign currency exchange transactions during the relevant accounting period are treated as normal items of operation.

If in relation to Major Claims Funds currencies are bought for Pounds sterling and invested in accordance with Financial Regulation 10.4(a), any gains or losses at the end of the financial year arising from holding these currencies are credited or debited to the respective Funds.

Payments made in foreign currencies are converted into sterling at the rate of exchange obtained from the bank on the date of the transaction. Payments made from foreign currency bought for sterling and invested have been converted at the rate at which the currency was purchased, on a first in first out basis.

Any gains or losses at the end of the financial year arising from holding monetary items, i.e assets to be received in determinable amounts of money, are credited or debited to the respective Funds.

For the translation of all monetary assets and liabilities, the rate applied is the rate of exchange for the Pound sterling against various currencies on 31 December 2004 as published in the London Financial Times.

## **2 Adjustments to prior years' assessments**

An adjustment in respect of contributions to the General Fund for £758 was made in respect of Algeria, due to late submission of oil report.

### **3 Sundry income**

The figure of £39 513 in Statement III represents amounts due to three contributors in three Member States which could not be repaid since these contributors no longer existed and therefore these amounts were transferred from the Contributors' account to the General Fund.

In respect to the *Aegean Sea* Major Claims Fund (Statement IV.1) an amount of £3 175 represents repayment by a bank of the amount of a draft issued by it which was not cashed.

### **4 Transfers to General Fund from the Major Claims Funds**

The Administrative Council noted at its 12th session in October 2003 that there would be no further claims against the 1971 Fund arising out of the *Aegean Sea*, *Sea Prince/YeoMyung/Yuil N°1*, *Sea Empress* and *Nakhodka* Major Claims Funds and that all expenses had been paid with respect to these incidents. Pursuant to the Financial Regulation 4.4 the Council decided that £17.7 million, £19.0 million, £18.4 million and £14.7 million should be reimbursed in 2004 to contributors to the *Aegean Sea*, *Sea Prince/Yeo Myung/Yuil N°1*, *Sea Empress* and *Nakhodka* Major Claims Funds respectively and that the remaining balances should be transferred to the General Fund.

In accordance with the decision of the Administrative Council at its 12th session the remaining balances on the *Sea Prince/ Yeo Myung/ Yuil N°1* and *Osung N°3* Major Claims Funds were transferred to the General Fund on 1 March 2004, and these Major Claims Funds were then closed.

At its 15th session in October 2004 session the Administrative Council noted that there were still substantial balances on the *Aegean Sea*, *Sea Empress* and *Nakhodka* Major Claims Funds and decided that further reimbursements to contributors be made in 2005 from these Major Claims Funds and that the remaining balances should be transferred to the General Fund (document 71FUND/AC.15/21, paragraph 21.5).

At its 15th session the Administrative Council also decided that the deficit on the *Braer* Major Claims Fund should be covered by the General Fund and that this Major Claims Fund should be closed in 2004.

### **5 Loans made from General Fund or Major Claims Funds**

As set out in Note 1(i) above interest is charged for loans made from the General Fund to a Major Claims Fund or from a Major Claims Fund to the General Fund or to another Major Claims Fund. In the context of a consolidated Balance Sheet the balance due to either the General Fund or another Major Claims Fund is treated as an asset of the General Fund or Major Claims Fund rather than as a deduction from the accumulated surplus on the General Fund or Major Claims Fund account.

The position in respect of such loans and interest charged on such loans is summarised below. These loans were repaid when contributions to these Major Claims Funds were received.

#### **(a) Loans from General Fund**

The General Fund had in previous years provided loans to the *Vistabella*, *Pontoon 300* and *Nissos Amorgos* Major Claims Funds.

Interest was charged on the loans for the months of January and February 2004 as set out below:

Major Claims Fund (MCF)	Loan taken since Financial Year	Loan b/f 01.01.04 £	Interest b/f 01.01.04 £	Total loans and interest 01.01.04 £	Interest in 2004 £	Total loans and interest repaid on 1 March 2004 £
<i>Vistabella</i>	1994	341 717	174 118	515 835	2 192	518 027
<i>Pontoon 300</i>	2000	450 092	48 717	498 809	3 031	501 840
<i>Nissos Amorgos</i>	2002	343 491	25 705	369 196	2 317	371 513

(b) Loans from the Aegean Sea Major Claims Fund to the Osung N°3 Major Claims Fund

As at 31 December 2003 an amount of £1 554 133 in respect of loans and interest thereon was due by the *Osung N°3 Major Claims Fund* to the *Aegean Sea Major Claims Fund*. No loans were taken in 2004 and interest charged in 2004 amounted to £7 524.

The loans with interest were repaid in 2004.

(c) Loans from the Nakhodka Major Claims Fund to the Nissos Amorgos Major Claims Fund

As at 31 December 2003 an amount of £3 755 868 in respect of loans and interest thereon was due by the *Nissos Amorgos Major Claims Fund* to the *Nakhodka Major Claims Fund*. Additional loans of £6 018 were taken in 2004. Interest charged on all loans in 2004 was £24 958.

The loans with interest were repaid in 2004.

## 6 Interest on overdue contributions

Interest is charged at 2% above the lowest London clearing bank base rate on unpaid annual contributions from the date on which payment is due, in accordance with Article 13.1 of the 1971 Fund Convention and Internal Regulation 3.10. There is no provision in the 1971 Fund Convention for charging interest on overdue initial contributions.

As set out in Note 1(g) above interest on overdue contributions, either received or receivable, is only included in the year in which the outstanding contribution is paid. Therefore when an outstanding contribution is paid, an invoice is raised in respect of the corresponding interest and the interest income is accounted for. Interest is charged on contributions outstanding for the whole period for which they remain outstanding. Such income is shown under 'Miscellaneous' in the Income and Expenditure statements of the respective General Fund and Major Claims Funds as 'Interest on overdue contributions'.

Interest on overdue contributions is shown as an asset on the balance sheet (Interest on overdue contributions outstanding) until it is received.

Interest on overdue contributions totalling £108 583 was receivable as at 31 December 2004 which is made up as follows:

	£
General Fund	12 992
<i>Aegean Sea Major Claims Fund</i>	37 383
<i>Braer Major Claims Fund</i>	19 438
<i>Keumdong N°5 Major Claims Fund</i>	6 033



	£
<i>Sea Empress</i> Major Claims Fund	4 138
<i>Nakhodka</i> Major Claims Fund	12 798
<i>Sea Prince</i> Major Claims Fund	7 788
<i>Yeo Myung</i> Major Claims Fund	1 056
<i>Yuil N°1</i> Major Claims Fund	5 931
<i>Nissos Amorgos</i> Major Claims Fund	811
<i>Osung N°3</i> Major Claims Fund	215
	<u>108 583</u>

## 7 **Interest on investments**

As at 31 December 2004 the 1971 Fund's portfolio of investments comprised of the 1971 Fund's term and bank deposits (the General Fund, the Contributors' Account and the *Aegean Sea*, *Keumdong N°5*, *Sea Empress*, *Nakhodka*, *Nissos Amorgos*, *Vistabella* and *Pontoon 300* Major Claims Funds) totalling £22 350 629. The distribution of the deposits is set out in Note 10.

Interest due in 2004 on the investments amounted to £1 993 962. This amount is distributed as follows:

	£
General Fund	204 305
Contributors' Account	149 063
<i>Aegean Sea</i> Major Claims Fund	268 972
<i>Keumdong N°5</i> Major Claims Fund	373 809
<i>Sea Empress</i> Major Claims Fund	286 263
<i>Nakhodka</i> Major Claims Fund	177 231
<i>Sea Prince</i> Major Claims Fund	132 913
<i>Yeo Myung</i> Major Claims Fund	44 951
<i>Yuil N°1</i> Major Claims Fund	62 378
<i>Nissos Amorgos</i> Major Claims Fund	205 345
<i>Vistabella</i> Major Claims Fund	2 438
<i>Pontoon 300</i> Major Claims Fund	86 294
	<u>1 993 962</u>

## 8 **Obligations incurred**

The 1971 Fund Administrative Council, at its 12th session, acting on behalf of the 1971 Fund Assembly, and the 1992 Fund Assembly, at its 8th session, respectively, decided that the 1971 Fund should pay a flat management fee, set approximately at 10% of the joint administrative expenses, towards the cost of running the joint Secretariat for 2004. The fee was set in the budget at £325 000 for the period 1 January to 31 December 2004 (documents 71FUND/AC.12/22, paragraph 19.1 and Annex and 92FUND/A.8/30, paragraph 24.1 and Annex).

The figure of £357 145 includes the management fee of £325 000.

The appropriation under Chapter VII relating to the 71 Fund's share of the cost of running the joint Secretariat, external audit fees for the 1971 Fund and the costs for winding up of the 1971 Fund are charged directly to the 1971 Fund.

## 9 **Exchange adjustment**

A small amount of Euros was held during 2004 with respect to the *Aegean Sea* Major Claims Fund. There was a loss arising from currency exchange transactions during the accounting period of £39 from the sale of Euros as a result of the closure of the Euro account held in London. In the case of the *Keumdong N°5* Major Claims Fund the sale of an amount of KW1 571 million

received as a result of a refund of a deposit with a Korean court resulted in an exchange loss of £57 701. These losses have been debited to the respective Major Claims Fund (cf Note 1(j) above).

## 10 Assets

### Cash at banks and in hand

The amount of £22 350 629, which includes a balance of £2 253 382 on the Contributors' account, was held in various financial institutions and accounts as follows:

<u>Time deposit accounts</u>	£	£
<u>Pounds Sterling</u>		
Alliance & Leicester plc	3 000 000	
Bank of Ireland	2 750 000	
Danske Bank	2 000 000	
Landesbank Berlin	1 750 000	
Svenska Handelsbanken	3 500 000	
UniCredito Italiano SpA	<u>3 000 000</u>	
		16 000 000
 <u>Current and call deposit accounts</u>		
Bank of Scotland	5 972 039	
Barclays Bank plc - £ Business Premium/ Current a/cs	<u>378 590</u>	
		<u>6 350 629</u>
		<u>22 350 629</u>

## 11 Contributions outstanding

Outstanding contributions due to the 1971 Fund as at 31 December 2004 totalled £374 738. A report on contributions outstanding for previous years is provided in Schedule I.

Contributions outstanding for the General Fund and the various Major Claims Fund are as follows:

	£
General Fund	266 565
<i>Aegean Sea</i> Major Claims Fund	15 758
<i>Braer</i> Major Claims Fund	20 421
<i>Keumdong N°5</i> Major Claims Fund	5 252
<i>Nakhodka</i> Major Claims Fund	1 775
<i>Sea Prince</i> Major Claims Fund	27 325
<i>Yeo Myung</i> Major Claims Fund	3 492
<i>Yuil N°1</i> Major Claims Fund	21 499
<i>Nissos Amorgos</i> Major Claims Fund	2 721
<i>Osung N°3</i> Major Claims Fund	808
<i>Vistabella</i> Major Claims Fund	7 832
<i>Pontoon 300</i> Major Claims Fund	<u>1 290</u>
	<u>374 738</u>

## 12 Tax recoverable

The amount of £2 625 relates to VAT to be refunded to the 1971 Fund by the United Kingdom Government.

**13 Miscellaneous receivable**

As indicated in Note 1 (b) the 1971 Fund took out insurance to cover the costs resulting from any incidents occurring during the period 25 October 2000 - 24 May 2002, when the 1971 Fund Convention ceased to be in force. Two incidents are covered under this insurance policy, namely the *Zeinab* and *Singapura Timur* incidents. With respect to the *Singapura Timur* incident an amount £4 136 is due from the insurer as at 31 December 2004.

**14 Contributors' account**

The amount of £2 253 382 is the balance on the Contributors' account after the deduction of amounts repaid to contributors or offset against annual contributions. The amount includes interest of £149 063 credited in 2004 to contributors as provided in Internal Regulation. 3.11.

**15 Payment due to the 1992 Fund**

As at 31 December 2004, an amount of £326 306 was due from the 1971 Fund to the 1992 Fund made up as follows:

	£
Management fee payable by 1971 Fund for 2004	325 000
Add: 1992/1971 inter fund account balance as at 31.12 2004	<u>1 306</u>
	<u><u>326 306</u></u>

The amount of £116 525 due from the 1971 Fund to the 1992 Fund for the financial year 2003 was paid by the 1971 Fund on 13 July 2004.

**16 General Fund balance**

The figure of £4 891 635 represents the excess of Income over Expenditure in respect of the General Fund over the years.

The General Fund balance is lower than the working capital, which at 31 December 2004 was £5 million, as decided by the Administrative Council. At its October 2003 session the Administrative Council noted that the working capital would be partly used during 2003 and 2004.

\* \* \*

## SCHEDULE I

### REPORT ON CONTRIBUTIONS AND REIMBURSEMENTS DURING THE FINANCIAL PERIOD 1 JANUARY - 31 DECEMBER 2004

#### AND ON CONTRIBUTIONS OUTSTANDING FOR PREVIOUS FINANCIAL PERIODS

- 1 The General Fund covers the 1971 Fund's expenses for the administration of the 1971 Fund and for compensation payments and claims related expenditure up to a maximum amount of the Pounds sterling equivalent of 1 million SDRs per incident converted at the rate applicable on the date of the incident. For an incident which gives rise to payments by the 1971 Fund in excess of 1 million SDRs, a Major Claims Fund is established to cover such payments.
  
- 2 Annual contributions to the General Fund have to be paid by any person who received more than 150 000 tonnes of contributing oil (crude and heavy fuel oil) within the territory of a Member State of the 1971 Fund after sea transport in the preceding calendar year. Contributions to Major Claims Funds are levied on the basis of the quantities of contributing oil received in the year preceding that in which the incident occurred, if the State was a Member of the 1971 Fund at the time of the incident. In the case of associated persons (ie commonly controlled entities), the aggregate quantities received are taken into account for the purpose of establishing whether the figure of 150 000 tonnes is reached.
  
- 3 At its session in October 2003 the Administrative Council decided to levy contributions (2003 contributions) with respect to the *Vistabella*, *Nissos Amorgos*, *Osung N°3* and *Pontoon 300* Major Claims Fund of £600 000, £11.5 million, £1.7 million and £3 million respectively due for payment by 1 March 2004. The Council also decided that reimbursements from the surpluses on the *Aegean Sea*, *Sea Prince/Yeo Myung/Yuil N°1*, *Sea Empress* and *Nakhodka* Major Claims Funds of £17.7 million, £19.0 million, £18.4 million and £14.7 million respectively should be made to contributors to those Funds on the 1 March 2004. Details of 2003 contributions levied, reimbursements and outstanding contributions for previous financial periods are provided in this Schedule.
  
- 4 A comprehensive report on the payment of contributions as at 5 October 2004 was submitted to the Administrative Council at its 15th session (document 71FUND/AC.15/8). The report contained in this schedule is a comprehensive up-date of the earlier reports. No levies were made for 2000 contributions, 2001 contributions and 2002 contributions. The outstanding balances of contributions as at 31 December 2004 can be summarised as follows:

CONTRIBUTION YEAR												
State	1991	1992	1993	1994	1995	1996	1997	1998	1999	Total previous years	2003	Total
	£	£	£	£	£	£	£	£	£		£	£
Greece					8 071.32	9 404.56	78.62			17 554.50	-	17 554.50
France										-	682.22	682.22
Kenya					10 993.50	11				22 179.37	-	22 179.37
						185.87						
Kuwait			2 491.64	13 266.29						15 757.93	-	15 757.93
Russian Federation			12 680.12	5 797.90	11 771.88	9 106.23		3 114.52	405.44	42 876.09	5 045.09	47 921.18
United Kingdom				1 556.17	2 067.52					3 623.69	-	3 623.69
USSR	133									133 207.80	3 257.39	136
	207.80											465.19
Yugoslavia	88 246.00	39 047.40								127 293.40	3 260.41	130
												553.81
	221 453.80	39 047.40	15 171.76	20 620.36	32 904.22		29 78.62	3 114.52	405.44	362 492.78	12 245.11	374 737.89

**VISTABELLA MAJOR CLAIMS FUND AS AT 31.12.2004**  
**2003 CONTRIBUTIONS DUE IN 2004**  
(BASED ON 1990 OIL RECEIPTS)

Member State at the time of the <i>Vistabella</i> incident (7.3.1991)	Assessment £	Receipt £	Outstanding £	% Paid
Algeria	310.50	310.50	0.00	100.00
Bahamas	6 351.43	6 351.43	0.00	100.00
<1> Benin	-	-	-	-
Cameroon	666.77	666.77	0.00	100.00
Canada	20 485.70	20 485.70	0.00	100.00
China (HKSAR)	1 479.22	1 479.22	0.00	100.00
Côte d'Ivoire	2 104.58	2 104.58	0.00	100.00
Croatia	2 474.36	2 474.36	0.00	100.00
Cyprus	752.33	752.33	0.00	100.00
Denmark	3 439.47	3 439.47	0.00	100.00
<1> Djibouti	-	-	-	-
<1> Fiji	-	-	-	-
Finland	7 442.58	7 442.58	0.00	100.00
France	54 387.06	53 704.84	682.22	98.75
<2> Gabon	-	-	-	-
Germany	14 362.23	14 362.23	0.00	100.00
Ghana	520.27	520.27	0.00	100.00
Greece	11 591.74	11 591.74	0.00	100.00
<1> Iceland	-	-	-	-
India	21 814.55	21 814.55	0.00	100.00
Indonesia	6 172.03	6 172.03	0.00	100.00
Italy	88 750.03	88 750.03	0.00	100.00
Japan	163 992.23	163 992.23	0.00	100.00
<1> Kuwait	-	-	-	-
<1> Liberia	-	-	-	-
<1> Maldives	-	-	-	-
<1> Monaco	-	-	-	-
Netherlands	57 314.73	57 314.73	0.00	100.00
Nigeria	768.53	768.53	0.00	100.00
Norway	12 720.07	12 720.07	0.00	100.00
<1> Oman	-	-	-	-
<1> Papua New Guinea	-	-	-	-
Poland	1 434.73	1 434.73	0.00	100.00
Portugal	9 548.74	9 548.74	0.00	100.00
<1> Qatar	-	-	-	-
Russian Federation	2 568.28	1 936.06	632.22	75.38
<1> Seychelles	-	-	-	-
Slovenia	615.47	615.47	0.00	100.00
Spain	34 582.23	34 582.23	0.00	100.00
Sri Lanka	1 138.18	1 138.18	0.00	100.00
Sweden	11 686.87	11 686.87	0.00	100.00
<1> Syrian Arab Republic	-	-	-	-
Tunisia	1 878.63	1 878.63	0.00	100.00
<1> Tuvalu	-	-	-	-
<1> United Arab Emirates	-	-	-	-
United Kingdom	52 161.21	52 161.21	0.00	100.00
Union of Soviet Socialist Republics	3 257.39	0.00	3 257.39	0.00

Member State at the time of the <i>Vistabella</i> incident (7.3.1991)	Assessment £	Receipt £	Outstanding £	% Paid
<1> Vanuatu	-	-	-	-
Yugoslavia	3 260.41	0.00	3 260.41	0.00
Total	600 032.55	592 200.31	7 832.24	98.69

<1> No liability for contributions to the *Vistabella* Major Claims Fund

<2> Reports on contributing oil receipts in 1990 not submitted by 31.12.2004

\* \* \*

**NISSOS AMORGOS MAJOR CLAIMS FUND AS AT 31.12.2004**  
**2003 CONTRIBUTIONS DUE IN 2004**  
**(BASED ON 1996 OIL RECEIPTS)**

Member State at the time of the <i>Nissos Amorgos</i> incident (28.2.1997)	Assessment £	Receipt £	Outstanding £	% Paid
<1> Albania	-	-	-	-
Algeria	4 595.42	4 595.42	0.00	100.00
Australia	303 506.89	303 506.89	0.00	100.00
Bahamas	14 069.41	14 069.41	0.00	100.00
<2> Bahrain	-	-	-	-
Barbados	1 597.82	1 597.82	0.00	100.00
Belgium	65 823.50	65 823.50	0.00	100.00
<2> Benin	-	-	-	-
<2> Brunei Darussalam	-	-	-	-
Cameroon	11 881.99	11 881.99	0.00	100.00
Canada	371 208.65	371 208.65	0.00	100.00
China (HKSAR)	37 791.38	37 791.38	0.00	100.00
Côte d'Ivoire	31 329.83	31 329.83	0.00	100.00
Croatia	36 875.24	36 875.24	0.00	100.00
Cyprus	13 662.51	13 662.51	0.00	100.00
Denmark	64 167.16	64 167.16	0.00	100.00
<2> Djibouti	-	-	-	-
<2> Estonia	-	-	-	-
<2> Fiji	-	-	-	-
Finland	92 193.68	92 193.68	0.00	100.00
France	908 243.11	908 243.11	0.00	100.00
<1> Gabon	-	-	-	-
<2> Gambia	-	-	-	-
Germany	324 393.84	324 393.84	0.00	100.00
Ghana	6 196.09	6 196.09	0.00	100.00
Greece	188 938.28	188 938.28	0.00	100.00
<2> Iceland	-	-	-	-
India	410 029.41	410 029.41	0.00	100.00
Indonesia	86 948.51	86 948.51	0.00	100.00
Ireland	29 362.68	29 362.68	0.00	100.00
Italy	1 359 139.68	1 359 139.68	0.00	100.00
Japan	2 594 641.86	2 594 641.86	0.00	100.00
Kenya	14 715.69	14 715.69	0.00	100.00
<2> Kuwait	-	-	-	-
<2> Liberia	-	-	-	-
Malaysia	154 130.78	154 130.78	0.00	100.00
<2> Maldives	-	-	-	-
Malta	7 729.76	7 729.76	0.00	100.00
<2> Marshall Islands	-	-	-	-
<1> Mauritania	-	-	-	-
<2> Mauritius	-	-	-	-
Mexico	101 195.81	101 195.81	0.00	100.00
Morocco	50 039.26	50 039.26	0.00	100.00
<2> Monaco	-	-	-	-
Netherlands	970 920.28	970 920.28	0.00	100.00
New Zealand	41 348.78	41 348.78	0.00	100.00
Nigeria	7 072.31	7 072.31	0.00	100.00
Norway	264 844.49	264 844.49	0.00	100.00

Member State at the time of the <i>Nissos Amorgos</i> incident (28.2.1997)	Assessment £	Receipt £	Outstanding £	% Paid
<2> Oman	-	-	-	-
<2> Papua New Guinea	-	-	-	-
Poland	34 427.47	34 427.47	0.00	100.00
Portugal	121 408.20	121 408.20	0.00	100.00
<2> Qatar	-	-	-	-
Republic of Korea	1 062 488.15	1 062 488.15	0.00	100.00
Russian Federation	2 720.67	0.00	2 720.67	0.00
<2> Saint Kitts and Nevis	-	-	-	-
<2> Seychelles	-	-	-	-
<1> Sierra Leone	-	-	-	-
<2> Slovenia	-	-	-	-
Spain	527 150.09	527 150.09	0.00	100.00
Sri Lanka	18 543.89	18 543.89	0.00	100.00
Sweden	202 321.83	202 321.83	0.00	100.00
<2> Switzerland	-	-	-	-
<2> Syrian Arab Republic	-	-	-	-
<2> Tonga	-	-	-	-
Tunisia	23 918.33	23 918.33	0.00	100.00
<2> Tuvalu	-	-	-	-
<2> United Arab Emirates	-	-	-	-
United Kingdom	780 451.29	780 451.29	0.00	100.00
<2> Vanuatu	-	-	-	-
Venezuela	157 956.11	157 956.11	0.00	100.00
<2> Yugoslavia	-	-	-	-
Total	11 499 980.13	11 497 259.46	2 720.67	99.98

<1> Reports on contributing oil receipts in 1996 not submitted by 31.12.2004

<2> No liability for contributions to the *Nissos Amorgos* Major Claims Fund

\* \* \*



**OSUNG N°3 MAJOR CLAIMS FUND AS AT 31.12.2004**  
**2003 CONTRIBUTIONS DUE IN 2004**  
(BASED ON 1996 OIL RECEIPTS)

Member State at the time of the <i>Osung N°3</i> incident (3.4.1997)	Assessment £	Receipt £	Outstanding £	% Paid
<1> Albania	-	-	-	-
Algeria	679.34	679.34	0.00	100.00
Australia	44 867.14	44 867.14	0.00	100.00
Bahamas	2 079.87	2 079.87	0.00	100.00
<2> Bahrain	-	-	-	-
Barbados	236.20	236.20	0.00	100.00
Belgium	9 730.63	9 730.63	0.00	100.00
<2> Benin	-	-	-	-
<2> Brunei Darussalam	-	-	-	-
Cameroon	1 756.50	1 756.50	0.00	100.00
Canada	54 875.42	54 875.42	0.00	100.00
China(HKSAR)	5 586.67	5 586.67	0.00	100.00
Côte d'Ivoire	4 631.46	4 631.46	0.00	100.00
Croatia	5 451.23	5 451.23	0.00	100.00
Cyprus	2 019.72	2 019.72	0.00	100.00
Denmark	9 485.78	9 485.78	0.00	100.00
<2> Djibouti	-	-	-	-
<2> Estonia	-	-	-	-
<2> Fiji	-	-	-	-
Finland	13 628.90	13 628.90	0.00	100.00
France	134 264.71	134 264.71	-	100.00
<1> Gabon	-	-	-	-
<2> Gambia	-	-	-	-
Germany	47 954.84	47 954.84	0.00	100.00
Ghana	915.96	915.96	0.00	100.00
Greece	27 930.57	27 930.57	0.00	100.00
<2> Iceland	-	-	-	-
India	60 614.26	60 614.26	0.00	100.00
Indonesia	12 853.52	12 853.52	0.00	100.00
Ireland	4 340.66	4 340.66	0.00	100.00
Italy	200 920.32	200 920.32	0.00	100.00
Japan	383 563.46	383 563.46	0.00	100.00
Kenya	2 175.40	2 175.40	0.00	100.00
<2> Kuwait	-	-	-	-
<2> Liberia	-	-	-	-
Malaysia	22 785.01	22 785.01	0.00	100.00
<2> Maldives	-	-	-	-
Malta	1 142.68	1 142.68	0.00	100.00
<2> Marshall Islands	-	-	-	-
<1> Mauritania	-	-	-	-
<2> Mauritius	-	-	-	-
Mexico	14 959.68	14 959.68	0.00	100.00
<2> Monaco	-	-	-	-
Morocco	7 397.25	7 397.25	0.00	100.00
<2> Mozambique	-	-	-	-
Netherlands	143 530.22	143 530.22	0.00	100.00
New Zealand	6 112.55	6 112.55	0.00	100.00

Member State at the time of the <i>Osung N°3</i> incident (3.4.1997)	Assessment £	Receipt £	Outstanding £	% Paid
Nigeria	1 045.49	1 045.49	0.00	100.00
Norway	39 151.71	39 151.71	0.00	100.00
<2> Oman	-	-	-	-
<2> Papua New Guinea	-	-	-	-
Poland	5 089.38	5 089.38	0.00	100.00
Portugal	17 947.66	17 947.66	0.00	100.00
<2> Qatar	-	-	-	-
Republic of Korea	157 066.63	157 066.63	0.00	100.00
Russian Federation	402.19	0.00	402.19	0.00
<2> Saint Kitts and Nevis	-	-	-	-
<2> Seychelles	-	-	-	-
<1> Sierra Leone	-	-	-	-
<2> Slovenia	-	-	-	-
Spain	77 928.10	77 928.10	0.00	100.00
Sri Lanka	2 741.33	2 741.33	0.00	100.00
Sweden	29 909.06	29 909.06	0.00	100.00
<2> Switzerland	-	-	-	-
<2> Syrian Arab Republic	-	-	-	-
<2> Tonga	-	-	-	-
Tunisia	3 535.83	3 535.83	0.00	100.00
<2> Tuvalu	-	-	-	-
<2> United Arab Emirates	-	-	-	-
United Kingdom	115 373.39	115 373.39	0.00	100.00
<2> Vanuatu	-	-	-	-
Venezuela	23 350.51	23 350.51	0.00	100.00
<2> Yugoslavia	-	-	-	-
Total	1 700 031.23	1 699 629.04	402.19	99.98

<1> Reports on contributing oil receipts in 1996 not submitted by 31.12.2004

<2> No liability for contributions to the *Osung N°3* Major Claims Fund

\* \* \*

**PONTOON 300 MAJOR CLAIMS FUND AS AT 31.12.2004**  
**2003 CONTRIBUTIONS DUE IN 2004**  
**(BASED ON 1997 OIL RECEIPTS)**

Member State at the time of the <i>Pontoon 300</i> incident (7.1.1998)	Assessment £	Receipt £	Outstanding £	% Paid
<1> Albania	-	-	-	-
Algeria	729.66	729.66	0.00	100.00
<2> Antigua and Barbuda	-	-	-	-
Australia	73 675.11	73 675.11	0.00	100.00
Bahamas	3 460.41	3 460.41	0.00	100.00
<1> Bahrain	-	-	-	-
Barbados	453.21	453.21	0.00	100.00
Belgium	19 691.01	19 691.01		100.00
<2> Benin	-	-	-	-
<2> Brunei Darussalam	-	-	-	-
Cameroon	3 499.39	3 499.39	0.00	100.00
Canada	110 852.14	110 852.14	0.00	100.00
China (HKSAR)	9 923.02	9 923.02	0.00	100.00
Colombia	2 351.06	2 351.06	0.00	100.00
Côte d'Ivoire	7 251.94	7 251.94	0.00	100.00
Croatia	8 820.80	8 820.80	0.00	100.00
Cyprus	4 297.51	4 297.51	0.00	100.00
Denmark	15 704.67	15 704.67	0.00	100.00
<2> Djibouti	-	-	-	-
<2> Estonia	-	-	-	-
<2> Fiji	-	-	-	-
Finland	21 519.71	21 519.71	0.00	100.00
France	241 781.20	241 781.20	0.00	100.00
<1> Gabon	-	-	-	-
<2> Gambia	-	-	-	-
Germany	81 249.83	81 249.83	0.00	100.00
Ghana	3 300.36	3 300.36	0.00	100.00
Greece	49 694.04	49 694.04	0.00	100.00
<2> Iceland	-	-	-	-
India	113 857.49	113 857.49	0.00	100.00
Indonesia	28 630.29	28 630.29	0.00	100.00
Ireland	9 540.79	9 540.79	0.00	100.00
Italy	347 506.67	347 506.67	0.00	100.00
Japan	649 488.46	649 488.46	0.00	100.00
Kenya	4 044.20	4 044.20	0.00	100.00
<2> Kuwait	-	-	-	-
<2> Liberia	-	-	-	-
<2> Maldives	-	-	-	-
Malaysia	40 932.91	40 932.91	0.00	100.00
Malta	3 333.30	3 333.30	0.00	100.00
<2> Marshall Islands	-	-	-	-
<1> Mauritania	-	-	-	-
<2> Mauritius	-	-	-	-
Mexico	29 792.55	29 792.55	0.00	100.00
Morocco	14 071.30	14 071.30	0.00	100.00
<2> Monaco	-	-	-	-
<2> Mozambique	-	-	-	-

Member State at the time of the <i>Pontoon 300</i> incident (7.1.1998)	Assessment £	Receipt £	Outstanding £	% Paid
Netherlands	251 372.47	251 372.47	0.00	100.00
New Zealand	11 830.56	11 830.56	0.00	100.00
<1> Nigeria	-	-	-	-
Norway	71 002.85	71 002.85	0.00	100.00
<2> Oman	-	-	-	-
<2> Papua New Guinea	-	-	-	-
Poland	7 905.24	7 905.24	0.00	100.00
Portugal	35 761.28	35 761.28	0.00	100.00
<2> Qatar	-	-	-	-
Republic of Korea	310 252.62	310 252.62	0.00	100.00
Russian Federation	1 290.01	0.00	1 290.01	0.00
<2> Saint Kitts and Nevis	-	-	-	-
<2> Seychelles	-	-	-	-
<1> Sierra Leone	-	-	-	-
<2> Slovenia	-	-	-	-
Spain	139 489.24	139 489.24	0.00	100.00
Sri Lanka	4 340.26	4 340.26	0.00	100.00
Sweden	50 515.23	50 515.23	0.00	100.00
<2> Switzerland	-	-	-	-
<2> Syrian Arab Republic	-	-	-	-
<2> Tonga	-	-	-	-
Tunisia	7 356.40	7 356.40	0.00	100.00
<2> Tuvalu	-	-	-	-
<2> United Arab Emirates	-	-	-	-
United Kingdom	191 575.58	191 575.58	0.00	100.00
<2> Vanuatu	-	-	-	-
Venezuela	17 878.98	17 878.98	0.00	100.00
<2> Yugoslavia	-	-	-	-
Total	3 000 023.75	2 998 733.74	1 290.01	99.96

<1> Reports on contributing oil receipts in 1997 not submitted by 31.12.2004

<2> No liability for contributions to the *Pontoon 300* Major Claims Fund

\* \* \*

**AEGEAN SEA MAJOR CLAIMS FUND**  
**REIMBURSEMENT TO CONTRIBUTORS IN 2004**  
(BASED ON 1991 OIL RECEIPTS)

Member State at the time of the <i>Aegean Sea</i> incident (3.12.1992)	Reimbursement £
Algeria	8 790.00
Bahamas	117 253.24
<1> Benin	-
Cameroon	21 519.74
Canada	649 734.89
China (HKSAR)	47 788.75
Côte d'Ivoire	59 340.81
Croatia	7 513.25
Cyprus	24 243.66
Denmark	112 329.11
<1> Djibouti	-
<1> Fiji	-
Finland	201 663.34
France	1 697 575.36
<2> Gabon	-
<1> Gambia	-
Germany	454 661.83
Ghana	17 273.28
Greece	286 793.15
<1> Iceland	-
India	610 545.68
Indonesia	180 115.66
Italy	2 567 218.19
Japan	4 859 181.85
Kuwait	15 204.42
<1> Liberia	-
<1> Maldives	-
Malta	9 184.19
<1> Monaco	-
Netherlands	1 777 476.32
Nigeria	25 187.21
Norway	380 572.16
<1> Oman	-
<1> Papua New Guinea	-
Poland	92 257.80
Portugal	212 401.17
<1> Qatar	-
Russian Federation	63 491.35
<1> Seychelles	-
Slovenia	11 365.72
Spain	1 069 052.07
Sri Lanka	29 854.16
Sweden	312 916.99
<1> Syrian Arab Republic	-
Tunisia	63 226.18

Member State at the time of the <i>Aegean Sea</i> incident (3.12.1992)	Reimbursement £
<1> Tuvalu	-
<1> United Arab Emirates	-
United Kingdom	1 490 583.24
<1> Vanuatu	-
Venezuela	105 116.54
<1> Yugoslavia	-
Total	17 581 431.31

<1> No liability for contributions to the *Aegean Sea* Major Claims Fund

<2> Reports on contributing oil receipts in 1991 not submitted by 31.12.2004

\* \* \*

**SEA PRINCE/YEO MYUNG/YUIL N°1 MAJOR CLAIMS FUNDS  
REIMBURSEMENT TO CONTRIBUTORS IN 2004**

(BASED ON 1994 OIL RECEIPTS)

Member State at the time of the <i>Sea Prince/Yeo Myung/Yuil N°1</i> incidents (23.7.1995 - 21.9.1995)	Reimbursement £
<1> Albania	-
Algeria	6 926.43
Australia	452 944.23
Bahamas	128 169.29
<2> Barbados	-
Belgium	119 763.68
<2> Benin	-
<2> Brunei Darussalam	-
Cameroon	18 569.32
Canada	525 405.01
China(HKSAR)	53 031.82
Côte d'Ivoire	42 141.97
Croatia	45 155.14
Cyprus	25 747.89
Denmark	91 152.65
<2> Djibouti	-
<2> Estonia	-
<2> Fiji	-
Finland	180 101.88
France	1 511 038.62
<1> Gabon	-
<2> Gambia	-
Germany	486 491.57
Ghana	17 336.70
Greece	271 789.78
<2> Iceland	-
India	609 579.57
Indonesia	157 334.77
Ireland	50 728.34
Italy	2 343 070.96
Japan	4 613 976.39
Kenya	33 208.79
<2> Kuwait	-
<2> Liberia	-
Malaysia	202 331.94
<2> Maldives	-
Malta	11 999.69
<2> Marshall Islands	-
Mauritius	2 838.75
Mexico	329 109.13
<2> Monaco	-
Morocco	106 009.35
Netherlands	1 542 427.57

Member State at the time of the <i>Sea Prince/Yeo Myung/Yuil N°1</i> incidents (23.7.1995 - 21.9.1995)	Reimbursement £
Nigeria	11 692.00
Norway	478 772.70
<2> Oman	-
<2> Papua New Guinea	-
Poland	95 259.59
Portugal	247 086.93
<2> Qatar	-
Republic of Korea	1 465 156.59
Russian Federation	7 250.51
<2> Saint Kitts and Nevis	-
<1> Sierra Leone	-
<2> Seychelles	-
Slovenia	2 643.15
Spain	866 023.64
Sri Lanka	30 388.01
Sweden	321 224.04
<2> Syrian Arab Republic	-
Tunisia	46 219.80
<2> Tuvalu	-
<2> United Arab Emirates	-
United Kingdom	1 295 895.26
<2> Vanuatu	-
Venezuela	120 974.06
<2> Yugoslavia	-
Total	18 966 967.51

<1> Reports on contributing oil receipts in 1994 not submitted by 31.12.2004

<2> No liability for contributions to the *Sea Prince/Yeo Myung/Yuil N°1* Major Claims Funds

\* \* \*



**SEA EMPRESS MAJOR CLAIMS FUND**  
**REIMBURSEMENT TO CONTRIBUTORS IN 2004**  
**(BASED ON 1995 OIL RECEIPTS)**

Member State at the time of the <i>Sea Empress</i> incident (15.2.1996)	Reimbursement £
<1> Albania	-
Algeria	8 443.49
Australia	456 353.13
Bahamas	55 210.41
Barbados	2 784.83
Belgium	104 347.94
<2> Benin	-
<2> Brunei Darussalam	-
Cameroon	22 440.59
Canada	571 232.39
China(HKSAR)	56 661.80
Côte d'Ivoire	43 133.08
Croatia	59 093.33
Cyprus	23 261.57
Denmark	102 772.79
<2> Djibouti	-
<2> Estonia	-
<2> Fiji	-
Finland	177 251.33
France	1 454 243.57
<1> Gabon	-
<2> Gambia	-
Germany	423 037.63
Ghana	14 781.77
Greece	281 700.20
<2> Iceland	-
India	616 834.29
Indonesia	155 256.13
Ireland	49 323.93
Italy	2 292 057.72
Japan	4 376 467.37
Kenya	27 344.80
<2> Kuwait	-
<2> Liberia	-
Malaysia	238 126.74
<2> Maldives	-
Malta	14 146.00
<2> Marshall Islands	-
<1> Mauritania	-
Mauritius	2 519.11
Mexico	189 522.48
<2> Monaco	-
Morocco	99 352.50
Netherlands	1 533 841.61
Nigeria	3 431.72

Member State at the time of the <i>Sea Empress</i> incident (15.2.1996)	Reimbursement £
Norway	374 181.24
<2> Oman	-
<2> Papua New Guinea	-
Poland	78 486.55
Portugal	245 069.67
<2> Qatar	-
Republic of Korea	1 525 615.73
Russian Federation	5 617.57
<2> Saint Kitts and Nevis	-
<2> Seychelles	-
<1> Sierra Leone	-
<2> Slovenia	-
Spain	903 732.47
Sri Lanka	29 156.56
Sweden	301 399.61
<2> Syrian Arab Republic	-
Tunisia	41 947.80
<2> Tuvalu	-
<2> United Arab Emirates	-
United Kingdom	1 241 119.25
<2> Vanuatu	-
Venezuela	126 265.13
<2> Yugoslavia	-
Total	18 327 565.83

- <1> Reports on contributing oil receipts in 1995 not submitted by 31.12.2004  
<2> No liability for contributions to the *Sea Empress* Major Claims Fund

\* \* \*

**NAKHODKA MAJOR CLAIMS FUND**  
**REIMBURSEMENT TO CONTRIBUTORS IN 2004**  
**(BASED ON 1996 OIL RECEIPTS)**

Member State at the time of the <i>Nakhodka</i> incident (2.1.1997)	Reimbursement £
<1> Albania	-
Algeria	5 895.34
Australia	389 360.91
Bahamas	18 049.27
<2> Bahrain	-
Barbados	2 049.80
Belgium	84 443.22
<2> Benin	-
<2> Brunei Darussalam	-
Cameroon	15 243.09
Canada	476 213.71
China(HKSAR)	48 481.56
Côte d'Ivoire	40 192.21
Croatia	47 306.27
Cyprus	17 527.28
Denmark	82 318.35
<2> Djibouti	-
<2> Estonia	-
<2> Fiji	-
Finland	118 272.83
France	1 165 160.92
<1> Gabon	-
<2> Gambia	-
Germany	416 156.22
Ghana	7 948.80
Greece	242 383.91
<2> Iceland	-
India	526 015.82
Indonesia	111 543.93
Ireland	37 668.60
Italy	1 743 604.16
Japan	3 328 597.02
Kenya	18 878.35
<2> Liberia	-
Malaysia	197 730.27
<2> Maldives	-
Malta	9 916.30
<2> Marshall Islands	-
<1> Mauritania	-
<2> Mauritius	-
Mexico	129 821.41
<2> Monaco	-
Morocco	64 194.03
Netherlands	1 245 567.81
Nigeria	9 072.88

Member State at the time of the <i>Nakhodka</i> incident (2.1.1997)	Reimbursement £
Norway	339 761.96
<2> Oman	-
<2> Papua New Guinea	-
Poland	44 166.09
Portugal	155 751.35
<2> Qatar	-
Republic of Korea	1 363 037.81
Russian Federation	3 490.28
<2> Saint Kitts and Nevis	-
<1> Sierra Leone	-
<2> Seychelles	-
<2> Slovenia	-
Spain	676 266.82
Sri Lanka	23 789.47
Sweden	259 553.29
<2> Switzerland	-
<2> Tonga	-
Tunisia	30 684.19
<2> Tuvalu	-
<2> United Arab Emirates	-
United Kingdom	1 001 220.21
<2> Vanuatu	-
Venezuela	202 637.70
<2> Yugoslavia	-
Total	14 699 973.44

- <1> Reports on contributing oil receipts in 1996 not submitted by 31.12.2004  
<2> No liability for contributions to the *Nakhodka* Major Claims Fund

\* \* \*

**ANNUAL CONTRIBUTIONS OUTSTANDING FOR  
PREVIOUS FINANCIAL PERIODS AS AT 31 DECEMBER 2004**

State		Assessment £	Receipt £	Outstanding £
Greece	<i>Sea Prince/Yeo Myung/Yuil N°1</i> Major Claims Fund			
	1995/1996 1st & 2nd levy/1997	676 515.55	660 169.22	16 346.33
	<i>Senyo Maru</i> Major Claims Fund	43 852.34	42 644.17	1 208.17
		<b>720 367.89</b>	<b>702 813.39</b>	<b>17 554.50</b>
Kenya	General Fund 1995	10 733.18	9 319.74	1 413.44
	<i>Sea Prince/Yeo Myung/Yuil N°1</i> Major Claims Fund			
	1995/1996 1st & 2nd levy/1997	82 660.41	61 894.48	20 765.93
		<b>93 393.59</b>	<b>71 214.22</b>	<b>22 179.37</b>
Kuwait	<i>Aegean Sea</i> Major Claims Fund 1993/1994	30 962.35	15 204.42	15 757.93
Russian Federation	General Fund 1994	2 102.12	0.00	2 102.12
	General Fund 1998	1 339.95	0.00	1 339.95
	<i>Keumdong N°5</i> Major Claims Fund 1993/1994	5 538.51	1 842.73	3 695.78
	<i>Braer</i> Major Claims Fund 1993/1995	19 828.90	1 474.91	18 353.99
	<i>Sea Prince/Yeo Myung/Yuil N°1</i> Major Claims Fund			
	1995/1996 1st & 2nd levy	16 905.19	1 700.95	15 204.24
	<i>Nakhodka</i> Major Claims Fund 1996/1997/1998	12 450.37	10 675.80	1 774.57
<i>Osung N°3</i> Major Claims Fund 1997/1999	1 727.17	1 321.73	405.44	
		<b>59 892.21</b>	<b>17 016.12</b>	<b>42 876.09</b>
United Kingdom <1>	<i>Keumdong N°5</i> Major Claims Fund 1994	30 655.07	29 098.90	1 556.17
	<i>Braer</i> Major Claims Fund 1995	47 062.55	44 995.03	2 067.52
		<b>77 717.62</b>	<b>74 093.93</b>	<b>3 623.69</b>
Union of Soviet Socialist Republics	General Fund 1991	48 799.35	41 094.20	7 705.15
	<i>Rio Orinoco</i> Major Claims Fund	85 649.43	28 385.38	57 264.05
	<i>Haven</i> Major Claims Fund 1991	146 398.02	78 159.42	68 238.60
		<b>280 846.80</b>	<b>147 639.00</b>	<b>133 207.80</b>
Yugoslavia	General Fund 1991	48 038.06	30 933.84	17 104.22
	<i>Rio Orinoco</i> Major Claims Fund	64 590.16	30 111.52	34 478.64
	<i>Haven</i> Major Claims Fund 1991/1992	179 475.99	107 451.03	72 024.96
	<i>Volgoneft</i> Major Claims Fund 263	3 685.58	0.00	3 685.58
		<b>295 789.79</b>	<b>168 496.39</b>	<b>127 293.40</b>
<b>Total</b>		<b>1 558 970.25</b>	<b>1 196 477.47</b>	<b>362 492.78</b>

<1> Amounts invoiced include contributions in respect of oil received in Hong Kong - now China Hong Kong Special Administrative Region- which at the time of invoicing was a dependent territory of the United Kingdom.

**ANNUAL CONTRIBUTIONS NOT ASSESSED DUE TO NON-SUBMISSION OF REPORTS ON  
CONTRIBUTING OIL RECEIPTS FOR RELEVANT YEAR AS AT 31 DECEMBER 2004**

Albania	General Fund	(1994, 1995, 1996, 1997, 1998)
	Major Claims Funds	( <i>Toyotaka Maru</i> , <i>Sea Prince/Yeo Myung/Yuil N°1</i> (1995, 1996 & 1997), <i>Senyo Maru</i> , <i>Sea Empress</i> (1996), <i>Nakhodka</i> (1996, 1997, 1998 & 1999), <i>Nissos Amorgos</i> , <i>Osung N°3</i> (1997 & 1999))
Bahrain	General Fund	(1998)
Gabon	General Fund	(1989, 1990, 1991, 1993, 1994, 1995, 1996, 1997, 1998)
	Major Claims Funds	( <i>Rio Orinoco</i> , <i>Volgoneft 263</i> , <i>Haven</i> (1991 & 1992), <i>Aegean Sea</i> (1993 & 1994), <i>Braer</i> (1993 & 1995), <i>Taiko Maru</i> , <i>Keumdong N°5</i> (1993 & 1994), <i>Toyotaka Maru</i> , <i>Sea Prince/Yeo Myung/Yuil N°1</i> (1995, 1996 & 1997), <i>Senyo Maru</i> , <i>Sea Empress</i> (1996), <i>Nakhodka</i> (1996, 1997, 1998 & 1999), <i>Nissos Amorgos</i> , <i>Osung N°3</i> (1997 & 1999))
Guyana	General Fund	(1998)
Mauritania	General Fund	(1996, 1997, 1998)
	Major Claims Fund	( <i>Sea Empress</i> (1996), <i>Nakhodka</i> (1996, 1997, 1998 & 1999), <i>Nissos Amorgos</i> , <i>Osung N°3</i> (1997 & 1999))
Nigeria	General Fund	(1987, 1998)
Sierra Leone	General Fund	(1993, 1994, 1995, 1996, 1997, 1998)
	Major Claims Funds	( <i>Toyotaka Maru</i> , <i>Sea Prince/Yeo Myung/Yuil N°1</i> (1995, 1996 & 1997), <i>Senyo Maru</i> , <i>Sea Empress</i> (1996), <i>Nakhodka</i> (1996, 1997, 1998 & 1999), <i>Nissos Amorgos</i> , <i>Osung N°3</i> (1997 & 1999))

**INITIAL CONTRIBUTIONS NOT YET ASSESSED DUE TO NON-SUBMISSION BY 31.12.04 OF REPORTS ON  
CONTRIBUTING OIL RECEIPTS FOR RELEVANT YEAR**

	<u>Year of joining</u>	<u>Applicable Oil receipt year</u>
Albania	1994	1993
Guyana	1998	1997
Mauritania	1996	1995
Nigeria	1987	1986
Panama	1999	1998
Sierra Leone	1993	1992

## SCHEDULE II

### REPORT ON PAYMENT OF CLAIMS FOR THE FINANCIAL PERIOD 1 JANUARY - 31 DECEMBER 2004

- 1 Financial Regulation 4.6 requires the Director to maintain a running record of all expenses incurred by the 1971 Fund in respect of each incident giving rise to claims against the Fund. A summary in respect of the 18 incidents in which the 1971 Fund is involved is attached.
- 2 Expenditure incurred by the 1971 Fund during 2004 in respect of various incidents amounted to £6 087 167 and is made up as follows:

	£
General Fund (see paragraph 3 below)	122 135
<i>Vistabella</i> Major Claims Fund	16 564
<i>Aegean Sea</i> Major Claims Fund	7 144
<i>Braer</i> Major Claims Fund	21 256
<i>Keumdong N°5</i> Major Claims Fund	84 861
<i>Sea Prince</i> Major Claims Fund	8 025
<i>Yuil N°1</i> Major Claims Fund	866 604
<i>Sea Empress</i> Major Claims Fund	1 331
<i>Nissos Amorgos</i> Major Claims Fund	4 864 965
<i>Osung N°3</i> Major Claims Fund	7 524
<i>Pontoon 300</i> Major Claims Fund	<u>86 758</u>
	<u>6 087 167</u>

- 3 Included in the amount set out in paragraph 2 in respect of the General Fund are expenditures in respect of incidents for which the Pound sterling equivalent of 1 million SDRs payable from the General Fund has not been reached or for expenditure paid in respect of a particular incident after the Major Claims Fund set up for that incident had been closed. The expenditures relating to the latter situation are detailed below.

	£
<i>Haven</i>	18 734
<i>Yeo Myung</i>	6 278
<i>Yuil N°1</i>	<u>41 364</u>
	66 376

- 4 The expenditure for the *Zeinab* incident is covered by insurance, except for a deductible of 250 000 SDRs (cf Note 1(b) to the financial statements) which is payable by the General Fund. At its July 2002 session the Administrative Council decided that the 250 000 SDRs deductible should be converted into Pounds sterling at the rate applicable at the date of the incident, resulting in a deductible of £220 325. During 2004 an amount of £5 280 with respect to the *Zeinab* incident was received from the insurer (cf Note 13 to the financial statements).
- 5 The expenditure for the *Singapura Timur* incident is also covered by insurance except for a deductible of 250 000 SDRs (cf Note 1(b) to the financial statements) which is payable by the General Fund. At its October 2002 session the Administrative Council decided that the 250 000 SDRs deductible should be converted into Pounds sterling at the rate applicable at the date of the incident resulting in a deductible of £221 283. An amount of £5 066 was received from the insurer and an amount of £4 136 is due from the insurer (cf Note 13 to the financial statements).

6 In respect of the *Keumdong N°5* incident the amount included under the heading 'Other costs' is a refund of a deposit with a Korean court of £795 020 (KW1 571 000 000). An amount of £1 035 000 was deposited in 1999 with the competent court in order to enable the 1971 Fund to appeal against a court judgement. An amount of £240 000 was paid to claimants in 2000 out of this deposit.

7 In general, the position as at 31 December 2004 was as follows:

<b>Incident</b>	<b>Year</b>	<b>Compensation/ Indemnification £</b>	<b>Fees and related costs £</b>	<b>Other costs £</b>	<b>Total £</b>
<b>1 <i>Vistabella</i></b>	2004	-	14 372	2 192	16 564
	2003	-	11 884	13 189	25 073
	2002	-	3 551	14 377	17 928
	2001	-	2 672	16 506	19 178
	2000	-	2 084	20 160	22 244
	1999	-	-	18 691	18 691
	1998	-	3 294	23 372	26 666
	1997	-	17 789	20 459	38 248
	1996	-	1 151	18 618	19 769
	1995	-	5 018	20 541	25 559
	1994	986 948	4 451	11 407	1 002 806
	1993	-	5 025	-	5 025
	1992	4 509	-	33	4 542
	1991	11 055	8 448	13 696	33 199
	<b>Total to date</b>		<b>1 002 512</b>	<b>79 739</b>	<b>193 241</b>
<b>2 <i>Aegean Sea</i></b>	2004	-	7 128	16	7 144
	2003	2 895 274	897 279	(952)	3 791 601
	2002	26 088 477	21 663	42 915	26 153 055
	2001	-	21 981	1 879	23 860
	2000	-	318 002	21 152	339 154
	1999	-	393 788	16 903	410 691
	1998	1 052 359	239 593	10 608	1 302 560
	1997	-	297 031	3 431	300 462
	1996	356 613	698 706	7 549	1 062 868
	1995	2 028 253	524 630	17 184	2 570 067
	1994	1 741 542	436 190	7 487	2 185 219
	1993	-	170 819	13 054	183 873
	1992	-	-	2 259	2 259
<b>Total to date</b>		<b>34 162 518</b>	<b>4 026 810</b>	<b>143 485</b>	<b>38 332 813</b>



<b>Incident</b>	<b>Year</b>	<b>Compensation/ Indemnification £</b>	<b>Fees and related costs £</b>	<b>Other Costs £</b>	<b>Total £</b>
3 <i>Braer</i>	2004	-	21 201	55	21 256
	2003	-	5 484	4 816	10 300
	2002	669 610	517 737	917	1 188 264
	2001	3 615 764	75 917	2 782	3 694 463
	2000	2 022 068	94 666	3 371	2 120 105
	1999	-	588 421	9 656	598 077
	1998	(3 697)	245 149	8 344	249 796
	1997	-	241 379	12 013	253 392
	1996	(1 454)	570 150	71 043	639 739
	1995	6 461 809	625 796	335 103	7 422 708
	1994	20 451 175	1 119 505	73 345	21 644 025
	1993	13 732 446	650 584	259 796	14 642 826
	Total to date		46 947 721	4 755 989	781 241
4 <i>Keumdong N°5</i> <i>Refund received from</i> <i>court</i> <i>(see paragraph 6)</i>	2004	84 778	76	7	84 861
	2004	-	-	(795 020)	(795 020)
	2003	-	2 554	3	2 557
	2002	433 247	-	-	433 247
	2001	112 226	34 509	14	146 749
	2000	48 953	150 150	15	199 118
	1999	653 380	58 964	796 490	1 508 834
	1998	-	101 513	49	101 562
	1997	-	57 437	70	57 507
	1996	5 639 236	133 907	179	5 773 322
	1995	-	208 789	350	209 139
	1994	3 016 459	435 779	16 695	3 468 933
	1993	1 000 667	8 507	291	1 009 465
Total to date		10 988 946	1 192 185	19 143	12 200 274
5 <i>Iliad</i>	2004	-	8 191	-	8 191
	2003	-	11 611	-	11 611
	2002	-	-	-	-
	2001	-	9 630	-	9 630
	2000	-	21 200	-	21 200
	1999	-	-	-	-
	1998	-	-	-	-
	1997	-	-	-	-
	1996	-	-	-	-
	1995	-	-	-	-
	1994	-	-	125	125
Total to date		-	50 632	125	50 757

<b>Incident</b>	<b>Year</b>	<b>Compensation/ Indemnification £</b>	<b>Fees and related costs £</b>	<b>Other Costs £</b>	<b>Total £</b>
<b>6 Sea Prince</b>  <i>Refund received from court (see paragraph 7)</i>	2004	-	8 022	3	8 025
	2003	9 324	55 733	22	65 079
	2003	-	-	(1 112 894)	(1 112 894)
	2002	51 818	171 545	1 116 486	1 339 849
	2001	10 425 463	89 726	9 162	10 524 351
	2000	10 791	47 649	8 977	67 417
	1999	188 964	91 141	1 655	281 760
	1998	4 086 510	562 847	1 968	4 651 325
	1997	4 315 189	237 500	5 330	4 558 019
	1996	2 000 000	180 244	230	2 180 474
	1995	-	128 348	67	128 415
	Total to date		21 088 059	1 572 755	31 006
<b>7 Yeo Myung</b>	2004	2 482	3 793	3	6 278
	2003	-	-	199	199
	2002	-	-	-	-
	2001	-	218	-	218
	2000	-	14 485	1	14 486
	1999	49 264	9 157	11	58 432
	1998	147 141	14 536	48	161 725
	1997	317 850	64 557	56	382 463
	1996	432 863	154 689	69	587 621
	1995	87 902	463	71	88 436
	Total to date		1 037 502	261 898	458
<b>8 Yuil N°1</b>	2004	706 392	201 571	5	907 968
	2003	567 455	128 834	19	696 308
	2002	175 601	10 443	3 554	189 598
	2001	-	115 728	7	115 735
	2000	89 648	41 927	5	131 580
	1999	243 456	134 466	2 281	380 203
	1998	6 798 140	233 936	9 895	7 041 971
	1997	41 846	125 840	1 605	169 291
	1996	5 959 273	313 035	8 592	6 280 900
	1995	1 354 804	-	642	1 355 446
Total to date		15 936 615	1 305 780	26 605	17 269 000
<b>9 Sea Empress</b>	2004	1 331	-	-	1 331
	2003	324 172	1 241 708	21 667	1 587 547
	2002	3 596 244	489 434	400	4 086 078
	2001	2 783 984	803 585	1 866	3 589 435
	2000	15 132 300	392 294	1 187	15 525 781
	1999	1 009 915	377 101	3 147	1 390 163
	1998	2 350 654	480 353	3 450	2 834 457
	1997	6 045 226	952 762	18 140	7 016 128
	1996	-	995 505	15 133	1 010 638
Total to date		31 243 826	5 732 742	64 990	37 041 558

<b>Incident</b>	<b>Year</b>	<b>Compensation/ Indemnification £</b>	<b>Fees and related costs £</b>	<b>Other Costs £</b>	<b>Total £</b>
10 <i>Nissos Amorgos</i>	2004	4 716 093	104 799	44 073	4 864 965
	2003	3 686 244	40 336	62 001	3 788 581
	2002	861 953	58 006	17 805	937 764
	2001	1 681 707	177 227	18 333	1 877 267
	2000	1 450	205 576	18 539	225 565
	1999	16 339	335 245	8 965	360 549
	1998	-	100 189	9 114	109 303
	1997	-	147 391	2 897	150 288
	<b>Total to date</b>	<b>10 963 786</b>	<b>1 168 769</b>	<b>181 727</b>	<b>12 314 282</b>
11 <i>Osung N°3</i>	2004	-	-	7 524	7 524
	2003	-	-	44 198	44 198
	2002	-	-	48 495	48 495
	2001	276 759	72 646	63 736	413 141
	2000	1 011 369	113 213	87 094	1 211 676
	1999	1 722 890	369 154	240 255	2 332 299
	1998	5 182 869	432 863	40 796	5 656 528
	1997	-	116 365	4 121	120 486
	<b>Total to date</b>	<b>8 193 887</b>	<b>1 104 241</b>	<b>536 219</b>	<b>9 834 347</b>
12 <i>Katja</i>	2004	-	4 810	-	4 810
	2003	-	3 153	29	3 182
	2002	-	1 592	19	1 611
	2001	-	-	-	-
	2000	-	-	-	-
	1999	-	-	718	718
	1998	-	-	663	663
	1997	-	-	729	729
	<b>Total to date</b>	<b>-</b>	<b>9 555</b>	<b>2 158</b>	<b>11 713</b>
13 <i>Pontoon 300</i>	2004	-	72 012	14 746	86 758
	2003	-	69 148	16 585	85 733
	2002	10 170	78 271	21 853	110 294
	2001	-	76 503	12 867	89 370
	2000	504 740	56 191	6 121	567 052
	1999	37 411	30 792	179	68 382
	1998	264 887	132 402	271	397 560
	<b>Total to date</b>	<b>817 208</b>	<b>515 319</b>	<b>72 622</b>	<b>1 405 149</b>
14 <i>Kriti Sea</i>	2004	-	15 803	-	15 803
	2003	-	5 276	-	5 276
	2002	-	65 930	-	65 930
	2001	-	11 900	-	11 900
	2000	-	50 160	-	50 160
	1999	-	26 990	19	27 009
	<b>Total to date</b>	<b>-</b>	<b>176 059</b>	<b>19</b>	<b>176 078</b>

<b>Incident</b>	<b>Year</b>	<b>Compensation/ Indemnification £</b>	<b>Fees and related costs £</b>	<b>Other Costs £</b>	<b>Total £</b>
15 <i>Al Jaziah 1</i>	2004	-	9 142	1 507	10 649
	2003	335 878	14 754	75	350 707
	2002	25 532	7 949	3 833	37 314
	2001	204 756	16 142	47	220 945
	2000	-	23 218	360	23 578
	Total to date	566 166	71 205	5 822	643 193
16 <i>Zeinab</i> <i>Recovery from insurer</i>	2004	-	5 272	8	5 280
	2004	-	(5 272)	(8)	(5 280)
	2003	77 542	8 614	39	86 195
	2003	(77 542)	(8 614)	(39)	(86 195)
	2002	418 480	8 482	38	427 000
	2002	(218 107)	(2 281)	(12)	(220 400)
	2001	-	13 702	23	13 725
Total to date	200 373	19 903	49	220 325	
17 <i>Singapura Timur</i> <i>Recovery from insurer</i>	2004	-	9 192	10	9 202
	2004	-	(9 192)	(10)	(9 202)
	2003	538 486	63 650	16 641	618 777
	2003	(440 986)	(8 080)	(8 552)	(457 618)
	2002	-	36 618	21 229	57 847
	2001	-	-	2 277	2 277
Total to date	97 500	92 188	31 595	221 283	
18 <i>Alambra</i>	2004	-	16 284	22	16 306
	2003	-	81 872	1 067	82 939
	2002	-	69 646	2 017	71 663
	Total to date	-	167 802	3 106	170 908

### SCHEDULE III

#### DETAILS OF CONTINGENT LIABILITIES OF THE 1971 FUND AS AT 31 DECEMBER 2004

- 1 Contingent liabilities represent all known or likely claims against the 1971 Fund as at 31 December 2004 as well as an estimate of fees and other costs for 2005 (cf Note 1(f) to the financial statements). The figures are based on information available up to 30 April 2005.
- 2 The 1971 Fund Convention ceased to be in force on the 24 May 2002 and does not apply to any incidents occurring after that date (cf Note 1(b) to the financial statements).
- 3 There are contingent liabilities of the 1971 Fund estimated at £85 290 000 with regard to eight incidents as at 31 December 2004.
- 4 Details of the contingent liabilities, given in rounded figures, are set out below.

	Incident	Date	Contingent liabilities at 31.12.04		
			Compensation/ Indemnificatio n £	Other costs £	Total £
1	<i>Vistabella</i>	7.3.91	0	10 000	10 000
2	<i>Braer</i>	5.1.93	0	10 000	10 000
3	<i>Iliad</i>	9.10.93	4 715 000	5 000	4 720 000
4	<i>Kriti Sea</i>	9.8.96	0	10 000	10 000
5	<i>Nissos Amorgos</i>	28.2.97	31 000 000	50 000	31 050 000
6	<i>Katja</i>	7.8.97	0	10 000	10 000
7	<i>Pontoon 300</i>	7.1.98	47 600 000	50 000	47 650 000
8	<i>Al Jaziah 1</i>	24.1.00	0	10 000	10 000
9	<i>Alambra</i>	17.9.00	1 800 000	20 000	1 820 000
<b>TOTAL</b>			<b>85 115 000</b>	<b>175 000</b>	<b>85 290 000</b>

- 5 Of these contingent liabilities, a total of £49 875 had been liquidated as at 30 April 2005.
- 6 The estimated expenditure under the item 'Other costs' relates to legal and technical costs for the next financial year, ie for 2005. The amounts have been estimated on the basis of the likely volume of work to be carried out in 2005.
- 7 The incidents in respect of which over the years the 1971 Fund has been, or may be, obliged to make payments are set out in the 1971 and 1992 Funds' Annual Report 2004.

#### *Vistabella*

- 8 The insurer of the *Vistabella* was ordered by the competent Court of first instance to reimburse the 1971 Fund the FFfr8.2 million or €1.25million (£890 000) paid by the Fund in compensation plus interest. The insurer appealed against the judgement. In 2004 the Court of Appeal confirmed the judgement. The insurer did not appeal to the Court of Cassation. The 1971 Fund is considering what steps should be taken to enforce the judgement. The Fund's contingent liability relates only to legal costs estimated at £10 000.

*Braer*

- 9 All claims but one have been settled and paid. The 1971 Fund had paid a total of £52.4 million in compensation and costs. The outstanding claim for £1.4 million is the subject of legal proceedings and the shipowner's insurer has undertaken to pay any amount awarded by a final judgement in respect of that claim. The 1971 Fund may incur some minor legal expenses in 2005.

*Iliad*

- 10 The shipowner and his insurer have taken legal action to prevent their rights to reimbursement from the 1971 Fund for any compensation payments in excess of the limitation amount applicable to the *Iliad*, as well as their right to indemnification, from becoming time-barred. The Fund's contingent liability in respect of compensation payments and indemnification is £4 715 000 and other costs are estimated at £5 000.

*Kriti Sea*

- 11 Most claims have been settled, but some are subject of legal proceedings in the Greek Supreme Court. The aggregate amount of the settled claims and the amount claimed in the Supreme Court is below the level at which the 1971 Fund would be called upon to make any payments in respect of compensation or indemnification. However, as the Fund is a defendant in the proceedings in the Supreme Court, the Fund's lawyers have attended the hearings to protect the Fund's position. The Fund's contingent liability as regards costs is estimated at £10 000.

*Nissos Amorgos*

- 12 The *Nissos Amorgos* incident has given rise to claims which by far exceed the maximum amount available for compensation, 60 million SDR. In the 1971 Fund's view, the major part of these claims is not admissible under the 1969 Civil Liability Convention and the 1971 Fund Convention. However, the contingent liabilities have been calculated on the basis of the 1971 Fund paying up to its limit as follows:

	US\$
60 million SDR	83 221 800 <sup>&lt;1&gt;</sup>
less shipowner's limitation amount	<u>7 274 268<sup>&lt;1&gt;</sup></u>
	75 947 532
less compensation already paid by Fund	<u>18 295 905</u>
	57 651 627
plus indemnification of the shipowner	<u>1 804 894</u>
	59 456 521
	<u>£30 968 551</u>

The Fund is likely to incur further legal costs of around £50 000.

*Katja*

- 13 It is unlikely that the 1971 Fund will be called upon to pay compensation or indemnification in respect of the incident. However, the Fund may incur some legal expenses estimated at £10 000.

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<1> Conversion into US dollars in accordance with court judgement  
71FUND/AC.17/5, Annex IV, Page 48

*Pontoon 300*

- 14** The claims arising from the *Pontoon 300* incident total some Dhs 205 million (£29 million). In the 1971 Fund's view the major part of the pending claims is time-barred and in any event not admissible under the 1971 Fund Convention. If these claims were to be accepted in full by the courts and the courts were to award interest for a significant period of time, the total amount of the accepted claims could exceed the maximum amount of compensation available, 60 million SDR (£48.4 million). It is unlikely that the shipowner would be able to make any payments. The contingent liabilities have therefore been calculated on the basis of the 1971 Fund's paying up to its limit. The 1971 Fund has made payments totalling £817 000. The contingent liability in respect of compensation payments is therefore estimated at £47 600 000. Other costs are estimated at £50 000.

*Al Jaziah I*

- 15** The *Al Jaziah I* incident occurred in the United Arab Emirates, which at that time of the incident was a member of both the 1971 Fund and the 1992 Fund. The 1971 Fund Administrative Council and the 1992 Fund Executive Committee decided that the liabilities arising out of this incident should be distributed between the two Funds on a 50:50 basis. All claims have been settled and paid. The 1971 Fund has taken recourse action against the owner of the *Al Jaziah I*, which will give rise to legal costs in 2005 estimated at £10 000.

*Alambra*

- 16** The total amount claimed falls well below the limitation amount applicable to the *Alambra* and also below the amount at which the 1971 Fund would be called upon to pay indemnification to the shipowner. However, the shipowner's insurer has maintained in legal proceedings that the pollution was due to the shipowner's intentional wrongful act and that the insurer therefore had no liability under the insurance contract nor under the Estonian Merchant Shipping Act. The shipowner and his insurer did nevertheless settle and pay some claims in 2004. If the insurer were to be exonerated from liability the remaining claims would fall on the 1971 Fund. The Fund's contingent liability as regards compensation payments is estimated at £1 800 000 and other costs at £20 000.