



2007 FINANCIAL STATEMENTS AND AUDITOR'S OPINION

Note by the Director

Summary:	The financial statements and the Auditor's Opinion are set out.
Action to be taken:	Approval of financial statements.

- 1 Under Article 16.2 of the Supplementary Fund Protocol, read in conjunction with Article 29.2(f) of the 1992 Fund Convention, the Director has prepared the financial statements of the Supplementary Fund for the financial year 2007. The Director has also prepared comments on the financial statements. These comments are at **Annex I**.
- 2 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
- 3 In keeping with best practice the Director has included a Statement of Internal Control which provides positive confirmation of the internal control framework. The statement is at **Annex II**.
- 4 The financial statements of the Supplementary Fund are audited by the Comptroller and Auditor General of the United Kingdom.
- 5 In view of the limited financial activity of the Supplementary Fund for the financial year 2007, the External Auditor has decided not to produce any Report on the accounts of that period. Under Financial Regulation 14.16 the External Auditor shall express an opinion on the financial statements on which he is reporting. This Opinion is at **Annex III**.

- 6 The certified financial statements for the financial period 1 January - 31 December 2007 are at **Annex IV** and consist of the following.

Statement I Statement of Budget Appropriations and Obligations Incurred in respect of the General Fund for the financial period 1 January - 31 December 2007

Statement II Income and Expenditure Account in respect of the General Fund for the financial period 1 January - 31 December 2007

Statement III Balance Sheet of the Supplementary Fund as at 31 December 2007

Statement IV Cash Flow Statement for the Supplementary Fund for the financial period 1 January - 31 December 2007

- 7 In addition to the financial statements submitted, Schedule I contains the Report on Contributions during the financial period 1 January - 31 December 2007.

- 8 As there was no incident that involved the Supplementary Fund during that period, there is no schedule of contingent liabilities.

Action to be taken by the Assembly

The Assembly is invited to consider the External Auditor's Opinion and to approve the financial statements for the financial period 1 January - 31 December 2007.

* * *

ANNEX I

INTERNATIONAL OIL POLLUTION COMPENSATION SUPPLEMENTARY FUND

DIRECTOR'S COMMENTS ON THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD 1 JANUARY TO 31 DECEMBER 2007

1 Introduction

1.1 The International Oil Pollution Compensation Funds (IOPC Funds) are 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), both as 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 A Protocol to the 1992 Fund Convention adopted in 2003 resulted in the establishment of the International Oil Pollution Compensation Supplementary Fund 2003 (Supplementary Fund), which provides an optional third tier of compensation. The Protocol entered into force on 3 March 2005. Any State Party to the 1992 Fund Convention may become Party to the Protocol and thereby become a Member of the Supplementary Fund

1.3 The total amount of compensation payable for any one incident for pollution damage in the States which become party to the Supplementary Fund Protocol is 750 million SDR^{<1>} which at 31 December 2007 corresponded to £591 million. This amount includes the amount payable under the 1992 Civil Liability and Fund Conventions.

1.4 The Supplementary Fund has an Assembly composed of all Member States. The Assembly is the supreme governing body of the Organisation having *inter alia* the responsibility for financial matters.

1.5 By the end of 2007, 20 States were Members of the Supplementary Fund and one further State had acceded to the Supplementary Fund Protocol, bringing the number of Member States to 21 by early 2008 (see page 5).

2 Secretariat

2.1 The IOPC Funds have a joint Secretariat, based in London, headed by one Director. The 1992 Fund Secretariat also administers the 1971 Fund and the Supplementary Fund.

<1> The SDR which is the unit of account used in the Conventions and the Protocol referred to in paragraph 1.3 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 intergovernmental organisations.

- 2.2 As at 31 December 2007 the Secretariat had 32 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 IOPC Funds have established a joint Audit Body for the three Funds composed of seven members elected by the 1992 Fund Assembly: one named Chairman nominated by 1992 Fund Member States, five named individuals nominated by 1992 Fund Member States and one named individual not related to the Organisations with expertise and experience in audit matters nominated by the Chairman of the 1992 Fund Assembly.
- 3.2 The Audit Body normally meets three times a year. In 2007 they met in March, June and December.

4 Investment Advisory Body

- 4.1 The governing bodies of the IOPC Funds have established a joint Investment Advisory Body, consisting of three experts with specialist knowledge in investment matters elected by the 1992 Fund Assembly to advise the Director in general terms on such matters.
- 4.2 The Investment Advisory Body normally meets four times a year. In 2007 they met in February, May, September and November.

5 Financial Overview

- 5.1 There is an income and expenditure account for the General Fund. The General Fund covers the Supplementary Fund's expenses for the administration, including the Supplementary Fund's share of the costs of running the joint Secretariat. Separate Claims Funds will be established for incidents in respect of which the Supplementary Fund will be called upon to pay compensation. There have been no incidents that have involved the Supplementary Fund.
- 5.2 The Supplementary Fund is financed by contributions paid by any person who has received in the relevant calendar year in excess of 150 000 tonnes of crude oil or heavy fuel oil (contributing oil) in ports or terminal installations in a Member State after carriage by sea. The levy of contributions is based on reports of oil receipts in respect of individual contributors, which are submitted to the Secretariat by Governments of Member States. Where the aggregate quantity of contributing oil received in a Supplementary Fund Member State in a given calendar year is less than one million tonnes, the Member State will be liable to pay contributions for a quantity of contributing oil corresponding to the difference between one million tonnes and the aggregate quantity of actual contracting oil receipts reported in respect of that State.
- 5.3 As requested by the Supplementary Fund Assembly and as authorised by the 1992 Fund Assembly, the Director made necessary funds available to the Supplementary Fund in the form of loans which were repaid, with interest, when the Supplementary Fund received the first levy of contributions decided by its Assembly at its October 2006 session. As at 31 December 2007 the total amount of £260 526, being loans taken from 1992 Fund and interest, was repaid by the Supplementary Fund on receipt of contributions.

Income

Contribution Income

- 5.4 At its October 2006 session the Supplementary Fund Assembly decided to levy contributions to the General Fund of £1.4 million (including £1 million working capital) for payment in 2007.

5.5 Details of contributions for 2007 are provided in **Schedule I**.

Interest earned on investments

5.6 Interest on investments amounted to £52 569 in respect of the General Fund.

Expenditure

Supplementary Fund Expenses

5.7 At their October 2006 sessions the Supplementary Fund Assembly and the 1992 Fund Assembly decided that the Supplementary Fund should pay to the 1992 Fund a flat management fee towards the cost of running the joint Secretariat. The fee was set in the budget at £70 000 for the period 1 January to 31 December 2007. The management fee was set based on the estimated number of five working days that the entire Secretariat would have to spend on Supplementary Fund matters.

5.8 The total obligations incurred by the Supplementary Fund in 2007 amounted to £74 288 compared to a budget appropriation for 2007 of £85 000 (**Statements I and II**). The expenditure relating to the Supplementary Fund's share of the costs of running the joint Secretariat and the External Auditor's fees amounted to £73 500 in 2007. The obligations incurred also include an amount of £788 being the interest charged in 2007 on loans made by the 1992 Fund to the Supplementary Fund.

Secretariat Expenses

5.9 The joint Secretariat's administrative expenses for 2007 amounted to £2 927 628, including the fees for the External Auditor. The total obligations incurred in 2007 was 18.5% less than the 2007 budget appropriation of £3 590 750 and 11% lower than the total obligations incurred in 2006 of £ 3 288 685.

5.10 The External Auditor's fees for the audit of the financial statements for the three Funds were £60 500, broken down between the Funds as follows.

1992 Fund	£47 000
1971 Fund	£10 000
Supplementary Fund	£3 500

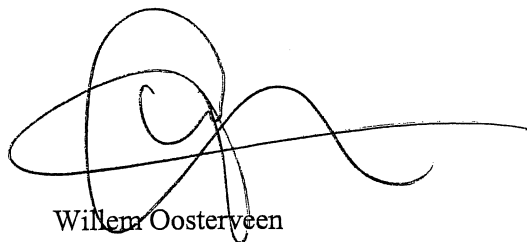
5.11 Expenses for running the joint Secretariat were made fewer than six Chapters as set out below. Comments on the expenditures by Chapter are given in the 1992 Fund's Financial Statements for 2007 (document 92FUND/A.13/9, Annex I, paragraphs 5.13–5.30). Excess expenditure under Chapter III resulting in revised budget appropriations were met by one budgetary transfer as provided in the 1992 Fund's Financial Regulations. One further transfer was made as authorised by the 1992 Fund Assembly at its October 2007 session.

Chapter	2007 budget appropriations	2007 revised budget appropriations	2007 Obligations incurred		2006 Obligations incurred	
	£	£	£	%	£	%
I Personnel	2 042 350	2 042 350	1 746 881	59.7	1 998 321	60.7
II General services	740 400	740 400	513 375	17.5	536 003	16.3
III Meetings	200 000	228 548	228 548	7.8	176 638	5.4
IV Travel	160 000	140 000	102 733	3.5	143 991	4.4
V Miscellaneous expenditure	388 000	388 000	336 091	11.5	433 732	13.2
VI Unforeseen expenditure	60 000	51 452	-	-	-	-
Total	3 590 750	3 590 750	2 927 628	100.00	3 288 685	100.00

- 5.12 The Supplementary Fund's cash assets at the end of the 2007 financial period amounting to some £1.1 million were held in Pounds sterling.
- 5.13 The General Fund balance of £1 107 016 is higher than the working capital which was set by the Assembly at its October 2007 session at £1 million.

Cash Flow Statement for the financial period 1 January - 31 December 2007 (Statement IV)

- 5.14 During the period ended 31 December 2007, the net cash inflow from operating activities was £1 053 663 and interest from the Supplementary Fund's investments amounted to £52 569 which resulted in a cash balance of £1 106 232 (see Note 6 to the financial statements).



Willem Oosterveen
Director
20 June 2008

* * *

1992 Fund Member States which are Party to the Supplementary Fund Protocol as at 31 December 2007 (20 States)		
Barbados	Greece	Norway
Belgium	Ireland	Portugal
Croatia	Italy	Slovenia
Denmark	Japan	Spain
Finland	Latvia	Sweden
France	Lithuania	United Kingdom
Germany	Netherlands	
1 State which has deposited instrument of accession, but for which the Supplementary Fund Protocol did not enter into force until date indicated		
Hungary		30 March 2008

ANNEX II

INTERNATIONAL OIL POLLUTION COMPENSATION SUPPLEMENTARY FUND

STATEMENT OF INTERNAL CONTROL

Scope of Director's responsibility

Under Article 16 of the Supplementary Fund Protocol, read in conjunction with Article 28.2 of the 1992 Fund Convention, the Director shall be the legal representative of the International Oil Pollution Compensation Supplementary Fund (Supplementary Fund). Each Contracting State shall, pursuant to Article 2.2 of the Supplementary Fund Protocol, recognise the Director as the legal representative of the Supplementary Fund.

Under Article 16.2 of the Supplementary Fund Protocol read in conjunction with Article 29.1 of the 1992 Fund Convention the Director shall be the chief administrative officer of the Supplementary Fund. As chief administrative officer, the Director has responsibility for maintaining a sound system of internal control that supports the achievement of the Supplementary Fund's policies, aims and objectives, whilst also safeguarding the Supplementary Fund's assets.

As a result of these provisions, the Director has the authority, vis-à-vis third parties, to commit the Supplementary Fund without restrictions, unless the third party concerned has been informed of any limitation of this authority decided by the Assembly.

The Director is however bound by any restriction of his authority decided by the Supplementary Fund Assembly. He may delegate his authority to other officers within the limits laid down by the Assembly.

The International Oil Pollution Compensation Fund 1971 (1971 Fund), the International Oil Pollution Compensation Fund 1992 (1992 Fund) and Supplementary Fund, together referred to as the IOPC Funds, have a joint Secretariat headed by one Director. The 1992 Fund administers the joint Secretariat and staff members are therefore employed by the 1992 Fund.

Pursuant to the authority given and within the limits laid down by the IOPC Funds' governing bodies the Director has delegated his authority to other officers by Administrative Instructions.

The Director is assisted by a Management Team comprising of the Deputy Director / Technical Adviser, the Legal Counsel, the Head of the Claims Department, the Head of the Finance and Administration Department and the Head of the External Relations and Conference Department for the day to day running of the Secretariat.

Statement on the system of internal control

The Director has the responsibility for maintaining a sound system of internal control that supports the work of the Supplementary Fund. The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks and to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

At its 1st session in March 2005 the Supplementary Fund Assembly decided that the Supplementary Fund should have a joint Audit Body with the 1992 Fund and 1971 Fund. The Audit Body meets formally three times a year. The Audit Body has the mandate to review the effectiveness of the Organisation regarding key issues of financial reporting, internal controls, operational procedures and risk management, to review the Organisation's financial statements and reports, and to consider all relevant reports by the External Auditor, including reports on the Organisation's financial statements. This additional oversight provides further assurance that appropriate internal controls are in place.

Capability to handle risk

During 2007 the Director continued a review of the IOPC Funds' risk management and the work carried out towards developing a risk register. In close cooperation with the Audit Body, and with the assistance of external consultants and the External Auditor, five areas of risk have been identified, namely: reputation risk, claims handling process, financial risk, human resource management and business continuity.

Under these five areas, with the assistance of external consultants, the sub risks are being mapped and assessed following which the process and procedures for management of these risks will be documented. This exercise will allow the IOPC Funds to prioritise the key risks and to ensure that these risks have been adequately mitigated. The Audit Body and the External Auditor have made valuable contributions to the work in this field. Further work was carried out during 2007.

The risk and control framework

The system of internal control is based on an on going process designed to ensure conformity with the Supplementary Fund Protocol, the Financial Regulations, the Internal Regulations and decisions of the Supplementary Fund Assembly.

At its 1st session held in March 2005 the Supplementary Fund Assembly adopted the Financial Regulations and Internal Regulations necessary for the proper functioning of the Supplementary Fund.

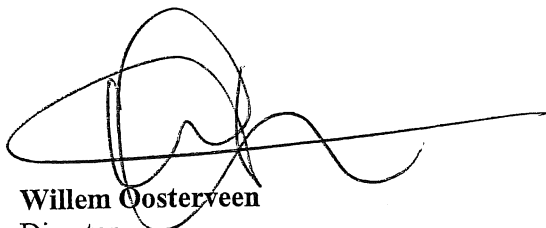
At its 1st session the Supplementary Fund Assembly also decided that it should have a joint Investment Advisory Body with the 1971 Fund and 1992 Fund. This Body advises the Director on relevant procedures for investment and cash management controls. The Body monitors, on a quarterly basis, the credit ratings of financial institutions and reviews the credit ratings of such institutions that meet the IOPC Funds' investment criteria. The Body also reviews the IOPC Funds' investments and foreign exchange requirements to ensure that reasonable investment returns are achieved without compromising the IOPC Funds' assets. The Body reports to the Supplementary Fund Assembly on an annual basis.

Review of effectiveness

The review of the effectiveness of the system of internal control is carried out through the work of the Audit Body and comments of the External Auditor. Any recommendations made by the External Auditor in his management letter and other Reports are considered and a plan to address any identified weakness and to ensure continuous improvement of the current system is agreed. All recommendations made by the External Auditor in his management letter and Report on the 2006 Financial Statements have been addressed.

The Audit Body at its meeting in March 2003 took the view that an internal audit function would be an unnecessary burden and expense on an organisation the size of the 1992 Fund. The Director will keep this issue under review.

I have concluded that there existed an effective system of internal control for the financial year 2007.



Willem Oosterveen

Director

20 June 2008

ANNEX III

**FINANCIAL STATEMENTS OF THE INTERNATIONAL OIL POLLUTION
COMPENSATION SUPPLEMENTARY FUND FOR THE YEAR ENDING DECEMBER
2007**

AUDIT OPINION

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

I have audited the accompanying financial statements, comprising Statements I to III and the supporting Notes of the International Oil Pollution Compensation Supplementary Fund for the financial period ended 31 December 2007. 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.

Opinion

In my opinion, these financial statements present fairly, in all material respects, the financial position as at 31 December 2007 and the results of operations for the period then ended in accordance with the Supplementary Fund's stated accounting policies set out in Note 1 of the financial statements.

Further, in my opinion, the transactions of the Supplementary 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.

I have no observations to make on these financial statements.



**T J Burr
Comptroller and Auditor General
United Kingdom
External Auditor**

London, 20 June 2008

SUPPFUND/A.4/8, ANNEX III

ANNEX IV

FINANCIAL STATEMENTS

OF THE INTERNATIONAL OIL

POLLUTION COMPENSATION SUPPLEMENTARY FUND

FOR THE FINANCIAL PERIOD

1 JANUARY - 31 DECEMBER 2007

CONTENTS

Page No.

FINANCIAL STATEMENTS

Statement I	Statement of Budget Appropriations and Obligations Incurred in respect of the General Fund for the financial period 1 January - 31 December 2007	4
Statement II	Income and Expenditure Account in respect of the General Fund for the financial period 1 January - 31 December 2007	5
Statement III	Balance Sheet of the Supplementary Fund as at 31 December 2007	6
Statement IV	Cash Flow Statement for the Supplementary Fund for the financial period 1 January -31 December 2007	7



NOTES TO FINANCIAL STATEMENTS	8-10
-------------------------------	------

SCHEDULES

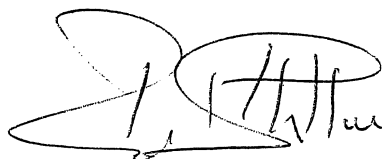
Schedule I	Report on Contributions during the financial period 1 January – 31 December 2007	11-12
------------	--	-------

CERTIFICATION OF THE FINANCIAL STATEMENTS

The appended financial statements numbered I to IV are certified.



Willem Oosterveen
Director



Ranjit S P Pillai
Head Finance & Administration Department



National Assembly

GENERAL FUND

STATEMENT OF BUDGET APPROPRIATIONS AND OBLIGATIONS INCURRED FOR THE FINANCIAL PERIOD 1 JANUARY - 31 DECEMBER 2007

CLASS OF EXPENDITURE		BUDGET APPROPRIATIONS		REVISED BUDGET APPROPRIATIONS		OBLIGATIONS INCURRED		BALANCE OF APPROPRIATIONS	
		2007	2006	2007	2006	2007	2006	2007	2006
I	Management fee payable to 1992 Fund	70 000	70 000	70 000	70 000	70 000	70 000	-	-
II	Administrative costs (including external audit fees)	15 000	15 000	15 000	15 000	4 288	11 996	10 712	3 004
TOTAL OBLIGATIONS		85 000	85 000	85 000	85 000	74 288	81 996	10 712	3 004

STATEMENT II

GENERAL FUND

INCOME AND EXPENDITURE ACCOUNT FOR THE FINANCIAL PERIOD 1 JANUARY - 31 DECEMBER 2007

	Note	2007		2006	
INCOME		£	£	£	£
Contributions (Schedule I)					
Contributions	2	1 386 636		-	
			1 386 636		-
Miscellaneous					
Interest on overdue contributions	3	1 837		-	
Interest on investments	4	52 569		-	
			54 406		-
Total income			1 441 042		-
EXPENDITURE					
Secretariat expenses (Statement I)					
Obligations incurred	5	74 288		81 996	
Total expenditure			74 288		81 996
(Shortfall)/excess of income over expenditure			1 366 754		(81 996)
Balance b/f: 1 January			(259 738)		(177 742)
Balance as at 31 December			1 107 016		(259 738)

STATEMENT III

**BALANCE SHEET OF THE SUPPLEMENTARY FUND AS AT
31 DECEMBER 2007**

		2007	2006
	Note	Total	Total
ASSETS		£	£
Cash at banks and in hand	6	1 106 232	-
Interest on overdue contributions outstanding	3	784	-
TOTAL ASSETS		1 107 016	-
LIABILITIES			
Due to 1992 Fund		-	259 738
TOTAL LIABILITIES		-	259 738
GENERAL FUND BALANCE	8	1 107 016	(259 738)
TOTAL LIABILITIES AND GENERAL FUND BALANCE		1 107 016	-


 National Audit Office

STATEMENT IV

**CASH FLOW STATEMENT OF THE SUPPLEMENTARY FUND
FOR THE FINANCIAL PERIOD 1 JANUARY - 31 DECEMBER 2007**

	2007	
	£	£
Cash as at 1 January		-
OPERATING ACTIVITIES		
Operating Surplus	1 314 185	
Decrease/(Increase) in Debtors	(784)	
Increase/(Decrease) in Creditors	(259 738)	
Net cash flow from operating activities		1 053 663
RETURNS ON INVESTMENTS		
Interest on investments	52 569	
Net cash inflow from returns on investments		52 569
Cash as at 31 December		1 106 232

NOTES TO FINANCIAL STATEMENTS

1 Significant Accounting Policies

In accordance with the Supplementary 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 Supplementary Fund, and in compliance with the provisions of the Supplementary Fund Protocol and the Internal Regulations of the Supplementary Fund.

(b) Basis of preparation

The accounts are prepared on the basis of a General Fund only.

The financial year is the calendar year.

(c) Accounting convention

The accounts are prepared under the historical cost convention.

(d) Administrative expenditure

Expenditure comprises of 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.

The amounts are net of Value Added Tax.

(e) 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. A report on contributions is provided in **Schedule I**.

Interest on overdue contributions is included only in the year in which the overdue annual contribution is actually paid. No interest is charged on overdue interest.

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

2 **Contributions**

At its October 2006 sessions the Assembly decided to levy £1.4 million to the General Fund payable in 2007.

3 **Interest on overdue contributions**

Interest is charged at 2% above the lowest London clearing bank base rate on unpaid contributions from the date on which payment is due, in accordance with Article 12 of the Supplementary Fund Protocol and Internal Regulation 3.8.

As set out in Note 1(e) above interest on overdue contributions, either received or receivable, is included only 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 General Fund.

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 totaling £784 was receivable as at 31 December 2007.

4 **Interest on investments**

As at 31 December 2007 the Supplementary Fund's portfolio of investments comprised of the Fund's bank deposits in respect of the General Fund and the interest received in 2007 on the investments amounted to £52 569.

The distribution of the deposits by financial institution is set out in Note 6

5 **Obligations incurred**

At their October 2006 sessions the Supplementary Fund Assembly and the 1992 Fund Assembly decided that the Supplementary Fund should pay a flat management fee towards the cost of running the joint Secretariat. The fee was set in the budget at £70 000 for the period 1 January to 31 December 2007 (documents SUPPFUND/A/2/23, paragraph 18.3 and Annex and 92FUND/A.11/35, paragraph 27.3 and Annex).

The figure of £74 288 is made up as follows:

	£
Management fee payable to the 1992 Fund	70 000
External Auditor's fee	3 500
Interest for 2007 on loans made by 1992 Fund	<u>788</u>
	<u>74 288</u>

6 **Assets**

(a) Cash at bank and in hand

The amount of £1 106 232, was held as follows:

Time deposit accounts

£

Pounds sterling

Barclays Bank plc

1 075 000

Current and call deposits accounts

Barclays Bank plc - £ Business Premium

31 232

1 106 232

7 Amount repaid to the 1992 Fund

At the request of the Supplementary Fund Assembly at its October 2005 session, the 1992 Fund Assembly authorised the Director to make necessary funds available to the Supplementary Fund in the form of loans to be repaid, with interest, when the Supplementary Fund had received the first levy of contributions to be decided by its Assembly.

As at 31 December 2006 the total amount due to the 1992 Fund was £259 738 made up of loans and interest on loans. The loans from the 1992 Fund amounted to £246 447. Interest on loans is calculated at a preferential rate of 0.25% above the lowest London clearing bank base rate. The interest on loans amounted to £13 291.

The loans were repaid as and when contributions were received for the Supplementary Fund. The interest on the loans in 2007 calculated up to the date the loans were fully repaid was £788.

8 General Fund balance

The figure of £1 107 016 represents the excess of Income over Expenditure in respect of the General Fund.

* * *

SCHEDULE I

REPORT ON CONTRIBUTIONS DURING THE FINANCIAL PERIOD 1 JANUARY - 31 DECEMBER 2007

- 1 The General Fund covers the Supplementary Fund's expenses for the administration of the Supplementary Fund and a Claims Fund will be set up for any incident for which the Supplementary Fund has to pay compensation.
- 2 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 Supplementary Fund after sea transport in the preceding calendar year. Contributions to 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 Supplementary 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. In addition, for the Supplementary Fund, the Government of any Member State for which the total quantity of contributing oil received is less than 1 million tonnes will be liable to pay contributions based on the difference between the quantity actually received by contributors in that State and 1 million tonnes.
- 3 One State, Greece, became a Member of the Supplementary Fund in 2007, resulting in 20 States being Members of the Supplementary Fund as at 31 December 2007.
- 4 At its session in October 2006 the Assembly decided to levy £1.4 million as 2006 contributions due in 2007 to the General Fund.
- 5 A system for capping contributions of the Supplementary Fund was introduced for a certain period. The capping system means that if the total contributions for all contributors in any one Member State of the Supplementary Fund in respect of a General Fund levy or a levy to a Claims Fund exceeds 20% of the total amount of that particular levy, then the levies for contributors in that State will be reduced proportionally so that they together equal 20% of the total levy. The total amount deducted for contributors in the capped State will be borne by all other contributors to the Fund in question by way of a capping levy. There was a capping deduction for contributors in Japan and a capping addition for contributors in the other Member States.
- 6 No contributions were outstanding as at 31 December 2007.

GENERAL FUND AS AT 31.12.2007
2006 CONTRIBUTIONS DUE IN 2007
(BASED ON 2005 OIL RECEIPTS)

Member State	Assessment £	Receipt £	Outstanding £	% Paid
Barbados	1 662.01	1 662.01	0.00	100.00
Belgium	11 798.50	11 798.50	0.00	100.00
Croatia	5 069.90	5 069.90	0.00	100.00
Denmark	11 732.08	11 732.08	0.00	100.00
Finland	23 067.81	23 067.81	0.00	100.00
France	203 442.60	203 442.60	0.00	100.00
Germany	86 084.07	86 084.07	0.00	100.00
Ireland	8 773.19	8 773.19	0.00	100.00
Italy	263 871.62	263 871.62	0.00	100.00
Japan	280 004.55	280 004.55	0.00	100.00
Latvia	922.11	922.11	0.00	100.00
Lithuania	1 728.27	1 728.27	0.00	100.00
Netherlands	212 486.56	212 486.56	0.00	100.00
Norway	36 356.70	36 356.70	0.00	100.00
Portugal	32 032.21	32 032.21	0.00	100.00
Slovenia	1 341.76	1 341.76	0.00	100.00
Spain	127 972.97	127 972.97	0.00	100.00
Sweden	44 109.18	44 109.18	0.00	100.00
<1> United Kingdom	34 179.78	34 179.78	0.00	100.00
Total	1 386 635.87	1 386 635.87	0.00	100.00

<1> Reports on contributing oil receipts in 2005 for some contributors submitted late: to be invoiced