



INTERNATIONAL
OIL POLLUTION
COMPENSATION
FUND

ASSEMBLY
10th session
Agenda item 7

FUND/A.10/5
27 July 1987

Original: ENGLISH

AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS

Note by the Director

1 In accordance with Article 29.2(f) of the Fund Convention, the Director has prepared the Financial Statements of the IOPC Fund for the Financial Year 1986. Pursuant to Financial Regulation 10.9, the External Auditor has submitted to the Assembly, through its Chairman, his Report on the audit of the financial statements of the IOPC Fund for the financial period ended 31 December 1986. The Director has prepared explanatory notes to the financial statements. These notes and the auditors' Report are at Annexes I and II respectively.

2 Under Financial Regulation 10.15 the External Auditor shall express an opinion on the financial statements on which he is reporting. This Opinion is at Annex III.

3 The certified financial statements for the financial period 1 January to 31 December 1986 are at Annex IV.

4 The Assembly is invited to consider and approve the accounts and the audit Report.

* * *

ANNEX I

DIRECTOR'S EXPLANATORY NOTES TO THE
FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD
1 JANUARY TO 31 DECEMBER 1986

1 INTRODUCTION

1.1 Financial Regulation 9.3 provides that the financial statements to be prepared and submitted to the Assembly by the Director in accordance with Article 29.2(f) of the Fund Convention, and on which the External Auditor will report in accordance with Regulation 10.15 of the Financial Regulations, shall comprise:

- (a) (i) a statement of appropriations and obligations incurred;
(ii) Income and Expenditure Accounts for all funds;
(iii) a Balance Sheet;
- (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.

1.2 Staff Regulation 23(b) provides that the Director shall establish and operate a Provident Fund to which both the IOPC Fund and staff members shall contribute on such terms and conditions as may be approved by the Assembly. Under Staff Rule VIII.5(g), the auditing of the Provident Fund shall be carried out in conjunction with the annual auditing of the accounts of the IOPC Fund.

1.3 The following financial statements for the period 1986 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 1986
Statement II	-	Income and Expenditure Account in respect of the General Fund for the Financial Period 1 January - 31 December 1986

Statement III	-	Income and Expenditure Account in respect of Major Claims Fund ONDINA/FUKUTOKU MARU N°8 for the period ended 31 December 1986
Statement IV	-	Income and Expenditure Account in respect of Major Claims Fund TANIO for the period ended 31 December 1986
Statement V	-	Provident Fund Account for the Financial Period 1 January - 31 December 1986
Statement VI	-	Balance Sheet of the IOPC Fund as at 31 December 1986

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

Schedule I	-	Report on Contributions during the Financial Period 1 January - 31 December 1986 and on Contributions outstanding for the previous financial periods
Schedule II	-	Report on Payment of Claims for the Financial Period 1 January - 31 December 1986
Schedule III	-	Details of Contingent Liabilities as at 31 December 1986

2 EXPLANATORY NOTES TO THE RESPECTIVE FINANCIAL STATEMENTS

2.1 Explanatory notes to the statement of budget appropriations and obligations incurred in respect of the General Fund for the financial period 1986

The total obligations incurred amount to £313,086 as compared with the appropriations of £347,850. The savings amount accordingly to £34,764. Transfers were made between appropriations within chapters of the budget, in accordance with Financial Regulation 4.3, as shown in Statement I.

Expenses for running the Secretariat were made under the following heads.

I Personnel

The total expenditure on personnel was £223,017 as compared with the appropriation of £238,200, resulting in a saving of £15,183. The saving was made out of various appropriations as follows: £6,474 from Salaries, £8,523 from Staff benefits and allowances, out of which £3,444 has been transferred to Separation and recruitment, and £3,630 from Home leave.

The appropriation for Separation and recruitment was exceeded by £3,444, due to the appreciation of the Japanese Yen which resulted in a substantial increase in air fares paid in Pounds Sterling even though the air fares quoted in Yen had not changed. The excess was met by the transfer of £3,444 from the appropriation for Staff benefits and allowances.

An amount of £4,857 has been appropriated as an unliquidated obligation to meet the balance of the expenses for the previous Legal Officer's separation.

II General Services

The bill for the IOPC Fund's rent and other charges relating to office accommodation in 1986 was presented by IMO within the relevant financial period. The charges amounted to £22,065 out of an appropriation of £24,000, thereby resulting in a saving of £1,935. Out of this saving, £1,473 was transferred to the items of Office stationery and supplies and Other supplies which were exceeded by £22 and £1,451, respectively. Except for these two items, all expenditures in this chapter were within their budgetary limits. Moreover, there were significant savings in respect of various items, as follows.

There was a saving of £1,359 out of the appropriation of £4,500 for the item of Office machines.

Out of the appropriation of £4,900 for the item of Representation (hospitality) only £2,440 was used. This was due to the fact that the IOPC Fund's contribution of £2,333 to the IMO cafeteria subsidy, previously classified as hospitality until the 1987 budget, was paid out of item (a), Rent of office accommodation (which includes service charges).

Finally, a 65% saving of £3,239 was made out of the appropriation of £5,000 for the item of Printing and Publication. The relatively low cost of £1,761 for printing of the IOPC Fund's Annual Report, despite its enhanced layout and increase in volume, was due to the fact that, unlike in previous years, the document was not type-set by the printers but was reproduced directly from the originals prepared by the IOPC Fund Secretariat.

III Meetings

The appropriation under item (a) of £17,000, held at the 1985 level (following an agreement with IMO that charges would not be increased in 1986), was exceeded by £1,689 owing to the increase in the volume of documents. The excess was met by a transfer of £1,689 from the provision under item (b) within this Chapter. An amount of £16,178 has been appropriated as an unliquidated obligation to meet the final invoice for the 9th session of the Assembly and the 16th and 17th sessions of the Executive Committee, when this is presented by IMO.

Under item (b) an allotment of £6,800 was made for one further meeting (Assembly or Executive Committee) during 1986. No such meeting was held.

IV Conferences and Travel

(a) Conferences and Seminars

The Secretariat participated in various conferences and seminars, as detailed in the IOPC Fund's Annual Report 1986.

As in previous years, the expenses of participating in conferences and seminars were, in some cases, greatly reduced, since the organisers reimbursed either air fares or hotel accommodation, or both.

(b) Mission

The Director went on mission to Argentina, Brazil, Chile, the People's Republic of China, France, Italy, Sweden and Thailand.

A substantial saving of £4,076 was made out of the appropriation of £7,000 for Mission. This was achieved by the combination of missions with seminars, where possible.

V Miscellaneous Expenditure

The budget estimate of £8,950 for the external audit has been appropriated as an unliquidated obligation for the 1986 audit fee.

With regard to the provision for consultants fees, there was a saving of £1,795 out of £4,000.

2.2 Explanatory notes to the Income and Expenditure Account in respect of the General Fund for the financial period 1986

I Income

a) Contributions

Total contributions receivable amount to £1,529,394, consisting of initial contributions of £28,800 and annual contributions 1985 of £1,500,594.

Details of contributions receivable as at 31 December 1986 are given in Schedule I.

b) Miscellaneous

The major part of the income under this head consists of interest earned on the investment of the IOPC Fund's assets.

As at 31 December 1986 the IOPC Fund's portfolio of investments, comprising IOPC Fund assets (including the Major Claims Funds) of £4,577,348 and the Provident Fund's assets of £75,625, was distributed as follows:

	£
Barclays Bank PLC	100,000
Credit Lyonnais	500,000
Hessische Landesbank	600,000
Italian International Bank Limited	857,969
Mitsubishi Bank Ltd	555,625
Sanwa Bank Ltd	403,226
Scandinavian Bank Ltd	1,636,153
	<hr/>
	4,652,973

Interest due in 1986 on the investments amounted to £687,883. Of this amount, £12,838 belonged to the Provident Fund Account, £381,907 was earned on the investment of the assets in the General Fund, £293,128 on the Major Claims Fund TANIO and £10 on the Major Claims Fund ONDINA/FUKUTOKU MARU N°8.

A further amount of £2,253 represents interest receivable on overdue annual contributions to the General Fund.

The item miscellaneous income, £45,940, consists mainly of £34,237 recovered from the ALBIREO, the other vessel involved in the KOEI MARU N°3 incident (1983), £3,051 representing interest on a loan of £121,961 taken by the Major Claims Fund BRADY MARIA from the General Fund for the payment of part of the compensation, pending the assessment and receipt of contributions

in respect of this Major Claims Fund, and an amount of £8,598, being savings in respect of 1984 obligations unliquidated at 31 December 1986.

There was also an amount of £4,479 transferred from the Major Claims Fund ONDINA/FUKUTOKU MARU N°8, following the decision taken by the Assembly at its 8th session, in accordance with Internal Regulation 4.4.2.

II Expenditure

The figure of £1,647,899 comprises:

- (a) £313,086 expenses of running the IOPC Fund's Secretariat (Statement I);
- (b) £145 in bad debts written off; and
- (c) £1,334,668 expenses on claims (Schedule II).

The expenses on claims include £758,315, being the first 15 million (gold) francs charged to the General Fund in respect of the BRADY MARIA incident.

III Exchange Adjustment

There was a gain of £1,533 from the revaluation of French Francs held in London and Japanese Yen held in Tokyo.

IV Excess of Income over Expenditure

A surplus of £317,607 was recorded for the financial period ended 31 December 1986.

2.3 Explanatory notes to the Income and Expenditure Account in respect of the Major Claims Fund ONDINA/FUKUTOKU MARU N°8 for the period ended 31 December 1986

I Income

This item consists of an amount of £10 realised from the investment of monies received in respect of the Major Claims Fund ONDINA/FUKUTOKU MARU N°8.

II Expenditure

The only item of expenditure in respect of the Major Claims Fund ONDINA/FUKUTOKU MARU N°8 in 1986 was unpaid interest of £11 written off as a bad debt.

III Excess of Income over Expenditure

The balance of £704,760 was liquidated by refunding £700,281 to contributors and transferring the balance of £4,479 to the General Fund, following the decision taken by the Assembly at its 8th session, in accordance with Internal Regulations 4.4.1. and 4.4.2. The figure of £700,281 is slightly higher than the amount of £700,000 to be refunded in accordance with the decision of the Assembly. This was due to the fact that only the figure of £700,281 would result in the most equitable distribution of the balance due to the individual contributors.

2.4 Explanatory notes to the Income and Expenditure Account in respect of the Major Claims Fund TANIO for the period ended 31 December 1986

I Income

This item consists of £293,128 realised from the investment of monies received in respect of the Major Claim Fund TANIO, £9,776 reimbursed by the French Government as part of joint fees relating to the recourse action in respect of the TANIO incident, and £11 representing interest receivable on overdue contributions.

II Expenditure

The figure of £38,066 includes £37,979 in fees and travel expenses in connection with the recourse action in respect of the TANIO incident in 1986 and £87 in unpaid interest written off as bad debts.

III Excess of Income over Expenditure

There was a surplus of £264,849 at the end of the financial period, which was added to a balance of £2,730,636 brought forward from the previous period, resulting in a balance of £2,995,485 as at 31 December 1986.

2.5 Explanatory notes to the Provident Fund Account for the financial period 1 January - 31 December 1986

I During the period 1986 the total contributions to the Provident Fund, according to Staff Regulation 23(b) and Staff Rule VIII.5, amounted to £39,674 of which £13,225 was the participants' share. Interest earned on the total Provident Fund was £12,838.

The basis of calculation of interest is the one laid down by the Executive Committee at its 2nd session (Record of Decisions, document FUND/EXC.2/6, item 6).

II There was one withdrawal of £44,047 by a staff member who left the IOPC Fund in 1986. In addition, two staff members made a total withdrawal of £22,200 under the Housing Loan Scheme.

2.6 Explanatory notes to the Balance Sheet as at 31 December 1986

I <u>Cash at Banks and in Hand</u>	£
Banque Nationale de Paris PLC FF Call deposit a/c	5,505
Barclays Bank PLC - £ deposit a/c	100,000
Barclays Bank PLC - £ current a/c	55,076
Barclays Bank PLC - £ Business Premium a/c	90,254
Credit Lyonnais - £ deposit a/c	500,000
Hessische Landesbank - £ deposit a/c	600,000
Italian International Bank Ltd - £ deposit a/c	857,969
Mitsubishi Bank Ltd - £ current a/c	34,556
Mitsubishi Bank Ltd - £ deposit a/c	555,625
Mitsui Trust & Banking Co Ltd - ¥ current a/c	1,140
Sanwa Bank Ltd - £ deposit a/c	403,226
Scandinavian Bank Ltd - £ deposit a/c	1,636,153
Petty cash - balance of imprest a/c	200
	<u>4,839,704</u>

The amount of £4,839,704 includes a balance of £75,625 on the Staff Provident Fund.

II Contributions Outstanding

The amount of £39,905 represents the outstanding balances of annual contributions in respect of the General Fund (1982 - 1985) for £33,472, initial contributions for £1,841, and the Major Claims Fund ONDINA/FUKUTOKU MARU N°8 for £4,592. The break-down of these figures, under the respective Member States, appears in Schedule I.

III Due from Major Claims Fund BRADY MARIA

The figure of £125,012 represents a loan of £121,961 taken by the Major Claims Fund BRADY MARIA from the General Fund for the payment of part of the compensation, pending the assessment and receipt of contributions in respect of this Major Claims Fund, plus interest of £3,051.

This figure represents an asset of the General Fund, and will be reimbursed from the Major Claims Fund BRADY MARIA when contributions to that Fund have been levied and received. In the context of a consolidated Balance Sheet, this amount, which represents a balance due from the Major Claims Fund BRADY MARIA account to the General Fund account, is treated as an asset of the General Fund account rather than as a deduction from the accumulated surplus which belongs only to the General Fund account.

IV VAT Recoverable

The amount of £7,247 represents VAT for the 3rd and 4th quarters of 1986 to be refunded by the United Kingdom Government. The amount was recovered early in 1987.

V Miscellaneous Receivable

The amount of £12,749 comprises:

- (a) £2,065 paid to BUPA for 1987 subscriptions to the health insurance scheme, 50% of which will be reimbursed by the staff members of the IOPC Fund and 50% from the 1987 Expenditure Account of the IOPC Fund;
- (b) £5,587 in various amounts either to be reimbursed to the IOPC Fund from travel and other expenditure accounts, or due from banks in interest accrued in 1986 but unpaid at 31 December 1986;
- (c) £5,097 salary advances to be reimbursed by staff members in 1987 under Staff Rule IV.12.

VI Interest on Overdue Contributions

The amount of £2,154 represents interest outstanding on only that portion of the overdue annual contributions paid by 31 December 1986 (cf Significant Accounting Policies (b)).

VII Surplus from General Fund

The figure of £1,610,808 represents the excess of Income over Expenditure in respect of the General Fund for the first eight financial periods ended 31 December 1986.

VIII Due to Staff Provident Fund

The amount of £75,625 is the balance on the Staff Provident Fund Account after the addition of interest earned, and the deduction of the withdrawals by three staff members. Included in

this balance is an amount of £4,906 representing contributions reserved in a separate account, as decided by the Assembly at its 8th session, and confirmed at the 9th session, as an interim measure, until the situation within the United Nations pension scheme became clearer.

IX Accounts Payable

The major item is an amount of £1,344 to be paid to American Express Ltd. The balance consists of various small items of outstanding expenditure to be reimbursed by the IOPC Fund mainly for travelling expenses, as well as outstanding National Insurance and Accident Insurance payments.

X Unliquidated Obligations

The amount of £38,193 consists of outstanding expenditure of £2,955 (being balance of £46,935 unliquidated at 31 December 1985) and the 1986 expenditure of £35,238 outstanding at 31 December 1986 (cf Significant Accounting Policies (a)).

XI Prepaid Contributions


This item relates to 1986 annual contributions which were received in 1986 (ie before the due date of 1 February 1987).

XII Contributors' Account

This item represents amounts due to contributors from the refund of the balance of the ONDINA/FUKUTOKU MARU N°8 Major Claims Fund which were not offset against the 1986 annual contributions.

XIII Due to Major Claims Fund TANIO

There is an amount of £2,995,485 due to the Major Claims Fund TANIO (Statement IV).


M Jacobsson
Director

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ANNEX II

REPORT OF THE EXTERNAL AUDITOR ON THE ACCOUNTS
OF THE INTERNATIONAL OIL POLLUTION COMPENSATION FUND
FOR THE FINANCIAL PERIOD 1 JANUARY TO 31 DECEMBER 1986

1. The accounts relate to the eighth financial period of the International Oil Pollution Compensation Fund. My examination has been carried out with due regard to the provisions of the Fund Convention and to the Financial and Internal Regulations of the Fund. My examination of claims and contributions has necessarily been restricted as explained in paragraphs 2 and 3 below.

Claims

2. Payments were made in 1986 in respect of claims for damage suffered, and to meet associated expenses, as a result of pollution incidents involving various vessels. In the case of claims for damage, the Fund and the tanker owners' insurance companies had joint surveys made by marine surveyors who also examined and reported on the reasonableness of the claims presented. These reports were examined by the Fund's staff and settlements were negotiated, in some instances by lawyers representing the Fund. As in previous years, my examination of these settlements was limited to seeing that satisfactory procedures were followed and proper accounts drawn up.

Contributions

3. Contributions to the General Fund were assessed on the basis of reports from the Contracting States of oil tonnages received in their territories. As in previous years, I have accepted these reports for the purposes of my audit and have not sought access to local records nor confirmation from National Audit Offices of the countries concerned.

Supplies Equipment and Stock Records

4. My staff carried out a test examination of the Fund's records of supplies, equipment and stock with satisfactory results.

5. I wish to record my appreciation of the willing co-operation of the officers of the Fund during my audit.

Gordon Downey

GORDON DOWNEY
(Comptroller and Auditor General
United Kingdom)
External Auditor

19 June 1987

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ANNEX III

INTERNATIONAL OIL POLLUTION COMPENSATION FUND

OPINION OF EXTERNAL AUDITOR

I have examined the appended financial statements, comprising Statements I to VI, Schedules I to III and Notes, of the International Oil Pollution Compensation Fund for the financial period ended 31 December 1986. As a result of the examination, which was subject to the restrictions referred to in my Report, in my opinion the financial statements present fairly the financial position of the Fund as at 31 December 1986 and the results of its operations for the period then ended; the statements were prepared in accordance with the stated accounting policies which were applied on a basis consistent with that of the preceding financial period; and the transactions were in accordance with the Financial Regulations and legislative authority.



GORDON DOWNEY
(Comptroller and Auditor General United Kingdom)
External Auditor

19 June 1987

ANNEX IV

FINANCIAL STATEMENTS
OF THE IOPC FUND
FOR THE FINANCIAL YEAR
ENDED 31 DECEMBER 1986

STATEMENT I

GENERAL FUND


STATEMENT OF BUDGET APPROPRIATIONS AND OBLIGATIONS INCURRED FOR THE FINANCIAL PERIOD 1 JANUARY - 31 DECEMBER 1986

CLASS OF EXPENDITURE	BUDGET APPROPRIATIONS £	TRANSFERS £	REVISED BUDGET APPROPRIATIONS £	OBLIGATIONS INCURRED		BALANCE OF APPROPRIATIONS £
				LIQUIDATED £	UNLIQUIDATED £	
<u>SECRETARIAT</u>						
<u>I PERSONNEL</u>						
a Salaries	145,550	-	145,550	139,076	-	139,076
b Separation and recruitment	26,500	3,444	29,944	25,087	4,857	29,944
c Staff benefits and allowances	56,450	(3,444)	53,006	47,927	-	47,927
d Home Leave	9,700	-	9,700	6,070	-	6,070
<u>TOTAL</u>	<u>238,200</u>	<u>-</u>	<u>238,200</u>	<u>218,160</u>	<u>4,857</u>	<u>223,017</u>
						<u>15,183</u>
<u>II GENERAL SERVICES</u>						
a Rent of office accommodation (including common services, security services and rates)	24,000	(1,473)	22,527	22,065	-	22,065
b Office machines, including maintenance	4,500	-	4,500	2,758	383	3,141
c Furniture and other office equipment	1,500	-	1,500	1,021	332	1,353
d Office stationery and supplies	3,500	22	3,522	2,548	974	3,522
e Communications (telex, telephone, postage)	6,000	-	6,000	5,818	111	5,929
f Other supplies	4,500	1,451	5,951	2,683	3,268	5,951
g Representation (hospitality)	4,900	-	4,900	2,255	185	2,440
h Printing and Publication	5,000	-	5,000	1,761	-	1,761
<u>TOTAL</u>	<u>53,900</u>	<u>-</u>	<u>53,900</u>	<u>40,909</u>	<u>5,253</u>	<u>46,162</u>
						<u>7,738</u>
<u>III MEETINGS</u>						
a 9th Assembly and 16th and 17th Executive Committee in October 1986	17,000	1,689	18,689	2,511	16,178	18,689
b Assembly or Executive Committee	6,800	(1,689)	5,111	-	-	-
<u>TOTAL</u>	<u>23,800</u>	<u>-</u>	<u>23,800</u>	<u>2,511</u>	<u>16,178</u>	<u>18,689</u>
						<u>5,111</u>
<u>IV CONFERENCES AND TRAVEL</u>						
a Conferences and seminars	8,000	-	8,000	7,139	-	7,139
b Mission	7,000	-	7,000	2,924	-	2,924
<u>TOTAL</u>	<u>15,000</u>	<u>-</u>	<u>15,000</u>	<u>10,063</u>	<u>-</u>	<u>10,063</u>
						<u>4,937</u>
<u>V MISCELLANEOUS EXPENDITURE</u>						
a External audit	8,950	-	8,950	-	8,950	8,950
b Payment to IMO for general services	4,000	-	4,000	4,000	-	4,000
c Consultants' fees	4,000	-	4,000	2,205	-	2,205
<u>TOTAL</u>	<u>16,950</u>	<u>-</u>	<u>16,950</u>	<u>6,205</u>	<u>8,950</u>	<u>15,155</u>
						<u>1,795</u>
<u>TOTAL EXPENDITURE I - V</u>	<u>347,850</u>	<u>-</u>	<u>347,850</u>	<u>277,848</u>	<u>35,238</u>	<u>313,086</u>
						<u>34,764</u>

Note: This statement deals only with administrative expenditure. Expenditure in respect of claims is dealt with in Statement II for the General Fund, in Statement III for the Major Claims Fund ONDINA/FUKUTOKU MARU N°8 and in Statement IV for the Major Claims Fund TANIO.



M Jacobsson
Director



S O Nte
Finance Officer

STATEMENT II

GENERAL FUND

INCOME AND EXPENDITURE ACCOUNT FOR THE
FINANCIAL PERIOD 1 JANUARY - 31 DECEMBER 1986

INCOME

£

£

Contributions (Schedule I)

Initial Contributions		28,800
Annual Contributions 1985		<u>1,500,594</u>
		1,529,394

Miscellaneous

Transfer from Major Claim Fund ONDINA/FM N°8 (Statement III)	4,479	
Miscellaneous Income	45,940	
Interest on Overdue Contributions	2,253	
Interest on Investments	<u>381,907</u>	<u>434,579</u>
		1,963,973

EXPENDITURE

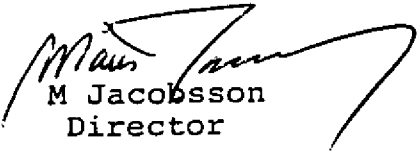
Secretariat Expenses (Statement I)

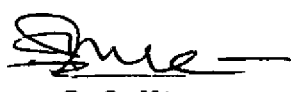
Unliquidated obligations	35,238	
Liquidated obligations	277,848	
	<u>313,086</u>	
Bad Debts written off	145	

Claims (Schedule II)

General Claims	<u>1,334,668</u>	<u>1,647,899</u>
		316,074
Exchange Adjustment		<u>1,533</u>

Excess of Income over Expenditure		<u>317,607</u>
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M Jacobsson
Director

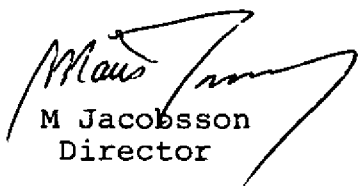

S O Nte
Finance Officer


STATEMENT III

MAJOR CLAIMS FUND - ONDINA/FUKUTOKU MARU N°8

INCOME AND EXPENDITURE ACCOUNT
FOR THE PERIOD ENDED 31 DECEMBER 1986

	£	£
INCOME		
Interest on Investments		10
 EXPENDITURE		
Bad Debts		11
 Excess of Expenditure over Income		1
Balance brought forward from 1985		<u>704,761</u>
		704,760
Less Refund to Contributors	682,789	
Less Credit to Contributors' account	<u>17,492</u>	
	700,281	
Transfer to General Fund (Statement II)	<u>4,479</u>	<u>704,760</u>
		<u>NIL</u>


M Jacobsson
Director



S O Nte
Finance Officer

STATEMENT IV
MAJOR CLAIMS FUND - TANIO

INCOME AND EXPENDITURE ACCOUNT
FOR THE PERIOD ENDED 31 DECEMBER 1986

	£	£
INCOME		
Miscellaneous	9,776	
Interest on Overdue Contributions	11	
Interest on Investments	<u>293,128</u>	302,915
EXPENDITURE		
Bad Debts	87	
Fees & Travel Costs (Schedule II)	<u>37,979</u>	38,066
Excess of Income over Expenditure		264,849
Balance brought forward from 1985		<u>2,730,636</u>
Balance as at 31 December 1986		<u>2,995,485</u>


M Jacobsson
Director


S O Nte
Finance Officer


STATEMENT V

PROVIDENT FUND

ACCOUNT FOR THE FINANCIAL PERIOD 1 JANUARY - 31 DECEMBER 1986

	£		£
Balance B/f: Accounts of Staff Members as at 1 January 1986	89,360	Housing Loans	22,200
		Withdrawals on Separation	44,047
Contributions of staff members	13,225	Accounts of staff members as at 31 December 1986	75,625
Contributions of IOPC Fund	26,449		
Interest received during period	12,838		
	<u>141,872</u>		<u>141,872</u>


M Jacobsson
Director


S O Nte
Finance Officer

STATEMENT VI


BALANCE SHEET OF THE IOPC FUND AS AT 31 DECEMBER 1986

<u>LIABILITIES</u>	£	£	<u>ASSETS</u>	£	£
Accumulated surplus from General Fund			Cash at Banks and in Hand		4,839,704
1978/1985	1,293,201				
Add Surplus 1986	317,607	1,610,808	Contributions Outstanding:		
			Annual Conts 1982	418	
Due to Staff Provident Fund		75,625	Annual Conts 1983	1,483	
			Annual Conts 1985	31,571	
Accounts Payable		3,130	Initial Conts	1,841	
			Ondina/Fukutoku Maru	4,592	39,905
Unliquidated Obligations			Due from Major Claims Fund:		
1985	2,955		Brady Maria		125,012
1986	35,238	38,193			
			VAT Recoverable		7,247
Prepaid Contributions		286,038	Miscellaneous Receivable		12,749
Contributors' Account		17,492			
Due to Major Claims Fund:			Interest on Overdue Contributions:		
Tanio		2,995,485	General Fund	947	
			Ondina/Fukutoku Maru	77	
			Tanio	1,130	2,154
		<u>5,026,771</u>			<u>5,026,771</u>

Note 1 There are contingent liabilities in respect of incidents which are estimated to amount to £17,498,483. Details of these are given in Schedule III.


M Jacobsson
Director

Note 2 In addition to the assets shown in this statement, investment in equipment, furniture, office machines, supplies and library books as at 31 December 1986 amounted at cost price to £32,607 net of VAT.


S O Nte
Finance Officer

SCHEDULE I

REPORT ON CONTRIBUTIONS DURING THE FINANCIAL
PERIOD 1 JANUARY - 31 DECEMBER 1986 AND
ON CONTRIBUTIONS OUTSTANDING FOR THE
PREVIOUS FINANCIAL PERIODS

1 Benin was the only State which became a member in 1986. No person in Benin was liable for initial contribution.

2 In respect of Poland and Portugal which became Members in 1985, initial contributions were due in 1986. In this regard, however, full payment had not been made within the three month period laid down in Article 11.3 of the Fund Convention.

3 There are no arrears in respect of initial contributions due in previous financial periods.

4 A comprehensive but preliminary Report on the payment of Contributions as at 30 June 1986 was submitted to the Assembly at its 9th session (document FUND/A.9/7). An additional preliminary Report on Contributions as at 20 October 1986 was also submitted to the Assembly at that session (document FUND/A.9/7/Add.1).

The report contained in this schedule is an up-date of the earlier reports, showing the outstanding balances as at 31 December 1986.

REPORT ON INITIAL CONTRIBUTIONS DUE IN 1986

<u>State</u>	<u>Assessment</u>	<u>Receipt</u>	<u>Outstanding</u>	<u>% Paid</u>
	£	£	£	
*Benin	-	-	-	-
Poland	1 981.14	1 981.14	0.00	100.00
Portugal	26 818.40	24 977.44	1 840.96	93.14
<hr/>				
TOTALS	28 799.54	26 958.58	1 840.96	93.61
<hr/>				

* No liability for contribution

* * *

REPORT ON ANNUAL CONTRIBUTIONS 1985 - GENERAL FUND AS AT 31.12.86

<u>State</u>	<u>Assessment</u>	<u>Receipt</u>	<u>Outstanding</u>	<u>% Paid</u>
	£	£	£	
*Algeria	-	-	-	-
Bahamas	22 980.45	22 980.45	0.00	100.00
**Benin	-	-	-	-
***Cameroon	-	-	-	-
Denmark	13 445.07	13 445.07	0.00	100.00
***Fiji	-	-	-	-
Finland	21 767.26	21 767.26	0.00	100.00
France	171 247.65	170 865.48	382.17	99.78
Gabon	1 253.03	0.00	1 253.03	0.00
Germany, Federal Republic of	43 052.60	43 052.60	0.00	100.00
Ghana	1 574.48	1 574.48	0.00	100.00
***Iceland	-	-	-	-
Indonesia	17 478.28	17 478.28	0.00	100.00
Italy	219 227.15	204 667.85	14,559.30	93.36
Japan	489 999.01	489 999.01	0.00	100.00
***Kuwait	-	-	-	-
*Liberia	-	-	-	-
***Maldives	-	-	-	-
***Monaco	-	-	-	-
Netherlands	143 060.68	143 060.68	0.00	100.00
Norway	16 382.34	16 382.34	0.00	100.00
***Oman	-	-	-	-
Papua New Guinea	397.72	397.72	0.00	100.00
Poland	71.09	71.09	0.00	100.00
Portugal	1 247.98	1 162.31	85.67	93.14
Spain	88 823.47	88 823.47	0.00	100.00
Sri Lanka	3 172.90	3 172.90	0.00	100.00
Sweden	29 567.70	29 567.70	0.00	100.00
Syrian Arab Republic	11 480.14	1 146.40	10 333.74	9.99
Tunisia	4 363.63	4 363.63	0.00	100.00
***Tuvalu	-	-	-	-
***United Arab Emirates	-	-	-	-
United Kingdom	180 468.84	180 468.84	0.00	100.00
Yugoslavia	19 532.83	14 575.66	4 957.17	74.62
TOTALS	1 500 594.30	1 469 023.22	31 571.08	97.90

- * Full Reports on Contributing Oil Receipts in 1984 not yet submitted
 ** Not a Member State in 1985
 *** No liability for contributions in 1985

* * *

REPORT ON ANNUAL CONTRIBUTIONS OUTSTANDING
FOR PREVIOUS FINANCIAL PERIODS AS AT 31.12.86

General Fund & Major Claims Funds

<u>State</u>	<u>Assessment</u>	<u>Receipt</u>	<u>Outstanding</u>
	£	£	£
Liberia (1983)	13 744	12 481	1 263
Yugoslavia (1982)	10 082	9 408	674
Yugoslavia (1983)	278 948	274 386	4 562
<hr/>			
TOTAL	302 774	296 275	6 499
<hr/>			

* * *

SCHEDULE II

REPORT ON PAYMENT OF CLAIMS FOR THE FINANCIAL
PERIOD 1 JANUARY - 31 DECEMBER 1986

1 Internal Regulation 4.5 requires the Director to maintain a running record of all expenses incurred by the IOPC Fund in respect of each incident giving rise to claims against the IOPC Fund.

2 Of the various incidents reported to the IOPC Fund to date, expenditure incurred by the IOPC Fund during 1986 amounted to £1,497,659.

In general, the position as at 31 December 1986 was as follows:

	£
(a) <u>TARPENBEK</u>	
Compensation	363,550
Fees	<u>16,090</u>
1986 Expenditure	379,640
1985 Expenditure b/f	NIL
1984 Expenditure b/f	NIL
1983 Expenditure b/f	4,878
1982 Expenditure b/f	NIL
1981 Expenditure b/f	<u>85</u>
Total Expenditure to date	<u>384,603</u>
(b) <u>TANIO</u>	
Fees	36,549
Travel	<u>1,430</u>
1986 Expenditure	37,979
1985 Expenditure b/f	60,741
1984 Expenditure b/f	18,258,113
1983 Expenditure b/f	180,585
1982 Expenditure b/f	18,806
1981 Expenditure b/f	1,334
1980 Expenditure b/f	<u>1,427</u>
Total Expenditure to date	<u>18,558,985</u>
(c) <u>JOSE MARTI</u>	
1986 Expenditure - Travel	594
1985 Expenditure b/f	2,179
1984 Expenditure b/f	2,931
1983 Expenditure b/f	<u>521</u>
Total Expenditure to date	<u>6,225</u>

£

(d) EIKO MARU N°1

1986 Expenditure	NIL
1985 Expenditure b/f	32,025
1984 Expenditure b/f	<u>81,454</u>
Total Expenditure to date	<u>113,479</u>

(e) KOEI MARU N°3

Compensation	2,674
Miscellaneous	5
Fees	<u>3,477</u>
1986 Expenditure	6,156
1985 Expenditure b/f	9,148
1984 Expenditure b/f	<u>89,240</u>
Total Expenditure to date	<u>104,544</u>

(f) TSUNEHISA MARU N°8

Fees	4,285
Miscellaneous	<u>4</u>
1986 Expenditure	4,289
1985 Expenditure b/f	<u>60,537</u>
Total Expenditure to date	<u>64,826</u>

(g) KOHO MARU N°3

Compensation	5,139
Fees	40,743
Miscellaneous	<u>20</u>
1986 Expenditure	45,902
1985 Expenditure b/f	<u>294,841</u>
Total Expenditure to date	<u>340,743</u>

(h) KOSHUN MARU N°1

1986 Expenditure	NIL
1985 Expenditure b/f	<u>81,519</u>
Total Expenditure to date	<u>81,519</u>

£

(i) PATMOS

Fees	136,656
Miscellaneous	246
Travel	<u>2,837</u>
1986 Expenditure	139,739
1985 Expenditure b/f	<u>2,660</u>
Total Expenditure to date	<u>142,399</u>

(j) JAN

1986 Expenditure - Travel	33
1985 Expenditure b/f	<u>422</u>
Total Expenditure to date	<u>455</u>

(k) BRADY MARIA

Compensation	846,438
Fees	30,919
Miscellaneous	3,099
Travel	<u>2,871</u>
Total Expenditure to date	<u>883,327</u>

SCHEDULE III

DETAILS OF CONTINGENT LIABILITIES AS AT 31 DECEMBER 1986

1 There are contingent liabilities with regard to 11 incidents. The contingent liabilities arising out of these incidents, with the exception of two incidents regarding which claims had not yet been submitted, are estimated at £17,498,483 as at 31 December 1986.

2 Out of these contingent liabilities, a total amount of £95,309 has been liquidated, as at 30 April 1987. This amount relates to payment of fees in connection with the TANIO, JOSE MARTI and PATMOS incidents.

3 The incidents which occurred from 1979 to 1986 in respect of which the IOPC Fund has been, or may be, held liable are set out in the IOPC Fund's "Annual Report 1986". With regard to the last two incidents, namely the OUED GUETERINI and the THUNTANK 5 incidents, both of which occurred in December 1986, no claims had been submitted by 31 December 1986. As for the OUED GUETERINI incident, however, claims totalling 3,083,488 Algerian Dinars (£451,462) were submitted in February 1987, and further claims may be submitted later.

4 With respect to the ROSE GARDEN MARU incident, the IOPC Fund was informed in February 1987 that the Skuld Club had decided not to pursue its claim against the IOPC Fund.

5 Details of the contingent liabilities as at 31 December 1986 are as follows.

E

(a) TANIO

Limit of Compensation	FFr 244,746,000	
<u>Minus</u>		
Limitation fund, provisional payment	FFr 19,246,910	
Limitation fund reserve as at 31.12.86	FFr 3,351,643	
Interest on reserve at average of 7% pa, 1.1.87 - 31.12.88	FFr 485,653	
Compensation already paid	<u>FFr 221,201,452</u>	
	FFr 460,342	48,713
<u>Plus</u>		
Legal fees		500,000
Consultants' fees		<u>100,000</u>
		<u>648,713</u>

£

(b) <u>JOSE MARTI</u>		
<u>Compensation</u>		
Swedish Government (SKr19,296,000)		1,926,710
4 Private Claimants (SKr1,065,000)		<u>106,340</u>
		2,033,050
<u>Plus</u>		
Legal fees (SKr100,000)		9,985
Surveyors' fees		<u>5,000</u>
		<u>2,048,035</u>
(c) <u>EIKO MARU N°1</u>		
Legal fees (¥4,000,000)		<u>17,058</u>
(d) <u>KOSHUN MARU N°1</u>		
Further claims (¥10,000,000)		42,644
Indemnification (¥474,080)		2,022
Surveyors' fees (¥3,200,000)		13,646
Legal fees (¥1,000,000)		<u>4,264</u>
		<u>62,576</u>
(e) <u>PATMOS</u>		
<u>Compensation</u>		
Italian Government	LIt 5,385,773,163	
Shipowner	LIt 660,045,580	
Other private claimants	<u>LIt 32,923,802,253</u>	
Total claims	LIt 38,969,620,996	19,632,050
<u>Minus</u>		
CLC limit (LIt 13,263,703,650)		<u>6,681,967</u>
		12,950,083
<u>Plus</u>		
Legal fees		400,000
Surveyors' fees		20,000
Miscellaneous		<u>10,000</u>
		<u>13,380,083</u>

£

(f) <u>JAN</u>	
<u>Compensation</u>	
Danish authorities (DKr11,805,021)	1,083,029
Private claimants (DKr34,432)	<u>3,159</u>
	1,086,188
<u>Minus</u>	
CLC limit (DKr1,576,170)	<u>144,603</u>
	941,585
<u>Plus</u>	
Indemnification (DKr394,043)	36,151
Surveyors' fees	<u>10,000</u>
	<u>987,736</u>
(g) <u>ROSE GARDEN MARU</u>	
Compensation to the Skuld Club (US \$44,204)	<u>29,817</u>
(h) <u>BRADY MARIA</u>	
<u>Compensation</u>	
German authorities (DM3,609,142)	1,265,256
Private claimants (DM1,419)	<u>497</u>
	1,265,753
<u>Minus</u>	
CLC limit (DM324,629)	113,805
Compensation already paid (DM2,443,244)	<u>846,438</u>
	305,510
<u>Plus</u>	
Legal fees	<u>10,000</u>
	<u>315,510</u>
(i) <u>TAKE MARU N°6</u>	
Compensation (¥1,100,000)	4,691
Indemnification (¥500,000)	2,132
Surveyors' fees (¥500,000)	<u>2,132</u>
	<u>8,955</u>
(j) <u>OUED GUETERINI</u>	
Claims not yet submitted	
(k) <u>THUNTANK 5</u>	
Claims not yet submitted	

NOTES TO FINANCIAL STATEMENTS

Significant Accounting Policies

The principal accounting policies adopted in arriving at the financial information given in the respective statements are set out below.

(a) Unliquidated obligations

Unliquidated obligations are expenditures based on firm obligations entered into but not liquidated in the financial period. 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.

(b) Income

Income is based on firm revenues due in 1986 and either received or receivable in this period. Hence, interest not due in 1986 on investments or on overdue annual contributions in this period is excluded from the 1986 Income and Expenditure Accounts.

(c) Investments

Investments of the IOPC Fund's assets include the assets of the Staff Provident Fund Account and Contributors' Account which are merged with the IOPC Fund's assets for investment purposes, in order to obtain the best interest rates which only the substantial amounts held by the IOPC Fund can attract.

(d) Claims arising out of incidents

Expenditure in respect of claims arising out of incidents is charged in the year of payment. There is no specific appropriation to meet any settlement of claims. With regard to major claims, expenses incurred up to 15 million (gold) francs are charged to the General Fund in accordance with Financial Regulation 5.1(c) (i).

Claims, the final amount of which cannot yet be assessed, are reported in Schedule III.

e) Translation of currencies

Almost all the IOPC Fund's assets and liabilities at the end of the financial period 1986 were held in pounds sterling. Gains and losses arising from foreign currency exchange transactions during the relevant accounting period have been treated as normal items of operation.

For the translation of currencies, the rate applied is the rate of exchange for the pound against various currencies on 31 December 1986 as published in the Financial Times. These rates are as follows:

Algerian Dinar	6.83	= £1
Danish Kroner	10.90	= £1
Deutsche Mark	2.8525	= £1
French Franc	9.45	= £1
Italian Lira	1,985	= £1
Japanese Yen	234.50	= £1
Swedish Krona	10.0150	= £1
UAE Dirham	5.4405	= £1
US Dollar	1.4825	= £1

These notes are an integral part of the Financial Statements.
