



INTERNATIONAL
OIL POLLUTION
COMPENSATION
FUND

ASSEMBLY
12th session
Agenda item 6

FUND/A.12/4
10 August 1989

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 1988. 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 1988. 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 1988 are at Annex IV.

Action to be Taken by the Assembly

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 1988**

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 1988 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 1988. |
| Statement II - | Income and Expenditure Account in respect of the General Fund for the Financial Period 1 January - 31 December 1988. |
| Statement III - | Income and Expenditure Account in respect of Major Claims Fund TANIO for the period ended 31 December 1988. |

- Statement IV - Income and Expenditure Account in respect of Major Claims Fund BRADY MARIA for the period ended 31 December 1988.
- Statement V - Provident Fund Account for the Financial Period 1 January - 31 December 1988.
- Statement VI - Balance Sheet of the IOPC Fund as at 31 December 1988.

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 1988 and on Contributions Outstanding for the Previous Financial Periods.
- Schedule II - Report on Payment of Claims for the Financial Period 1 January - 31 December 1988.
- Schedule III - Details of Contingent Liabilities as at 31 December 1988.

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 1988

The total obligations incurred amount to £309,789 as compared with the appropriations of £344,130. The savings amount accordingly to £34,341.

Transfers were made between appropriations within and between chapters of the budget, in accordance with Financial Regulation 4.3, as shown in Statement I. A transfer of £5,863 was also made from Chapter I (Personnel) to Chapter IV (Conferences and Travel), in accordance with the decision of the Assembly at its 11th session (document FUND/A.11/20, paragraph 20.4).

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

I Personnel

The total expenditure on personnel was £193,584 as compared with the appropriation of £222,280, resulting in a saving of £28,696. The saving was made out of various appropriations as follows: £10,365 from Salaries, of which £5,863 was transferred to Conferences and Seminars, £16,457 from Staff benefits and allowances, and £1,874 from Home Leave.

The substantial saving of £28,696 out of the appropriation of £222,280 for Personnel was due mainly to the introduction of a new scale of pensionable remuneration for the Professional Staff which was applied up to 1 June 1988, resulting in a reduction in the Provident Fund contributions and the Accident Insurance premium paid by the IOPC Fund. The continued reduction in the salaries actually paid in Pound Sterling to the Professional Staff, due to the appreciation of the Pound Sterling against the US dollar, also contributed to the budgetary surplus in this chapter.

II General Services

The invoice for the IOPC Fund's rent and other charges relating to office accommodation in 1988 was presented by IMO within the relevant financial period. The charges amounted to £21,885 out of an appropriation of 24,000, thereby resulting in a saving of £2,115.

There was a saving of £1,491 out of the appropriation of £2,500 for the item of Furniture and other office equipment. There were also some further savings in respect of other items in this Chapter.

Out of these savings, a total amount of £4,124 was transferred to the items of Communications and Representation, in respect of which the budget appropriations were exceeded by £478 and £3,646, respectively. The appropriation of £4,000 for the item of Representation was exceeded by £3,646 to cover the special hospitality given on the occasion of the 10th anniversary of the IOPC Fund during the 11th session of the Assembly.

All other expenditures in this Chapter were within their budgetary limits.

III Meetings

An amount of £12,285 has been appropriated under item (a) as an unliquidated obligation to meet the final invoice for the 11th session of the Assembly and the 20th and 21st sessions of the Executive Committee, when this is presented by IMO.

Under item (b) an appropriation of £8,000 was made for one further meeting (Assembly or Executive Committee) during 1988. No such meeting was held.

IV Conferences and Travel

The total obligation in this Chapter was exceeded by £5,863. This excess was met by a transfer of £5,863 from Chapter I (Personnel) in accordance with the decision of the Assembly, as mentioned above.

(a) Conferences and Seminars

The Secretariat participated in various conferences and seminars, as detailed in the IOPC Fund's Annual Report 1988.

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 Australia, Cyprus, Finland, France, Gabon, Greece, Indonesia, Italy, Malaysia, Monaco, New Zealand, Singapore, Thailand, Trinidad and Tobago and Venezuela.

The Legal Officer went on mission to Jamaica.

V Miscellaneous Expenditure

The budget estimate of £9,850 for the external audit has been appropriated as an unliquidated obligation for the 1988 audit fee.

The appropriation of 4,000 for consultants' fees was exceeded by £309, which was met by a transfer from item (a) in Chapter III (Meetings).

2.2 Explanatory notes to the Income and Expenditure Account in respect of the General Fund for the financial period 1988

I Income

(a) Contributions

Total contributions receivable amount to £896,519. This is arrived at as follows:

<u>Initial Contributions</u>	£
Initial Contributions (Greece)	50,966
Initial Contributions (USSR)	<u>36,206</u>
	87,172
<u>Annual Contributions</u>	
Annual Contributions 1987	804,175
Assessment in 1988 of Contributions 1987 (Cameroon)	1,647
Assessment in 1988 of Contributions 1986 (Cameroon)	<u>3,598</u>
	896,592
Less adjustment on Annual Contributions 1987 (Poland) for receipts via pipeline from the USSR in 1986	<u>73</u>
Total	<u>896,519</u>

Details of contributions receivable as at 31 December 1988 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 1988 the IOPC Fund's portfolio of investments, comprising the IOPC Fund's assets (including the Major Claims Funds) of £16,940,560 and the Provident Fund's assets of £136,599, was distributed as follows:

	£
Barclays Bank PLC	2,500,000
Italian International Bank PLC	3,234,966
Mitsubishi Bank Ltd	1,517,805
Nomura Bank International PLC	500,000
Sanwa Bank Ltd	1,300,000
Scandinavian Bank Group PLC	4,101,485
Skandinaviska Enskilda Banken	3,078,167
Svenska Handelsbanken	<u>844,736</u>
	<u>17,077,159</u>

Interest due in 1988 on the investments amounted to £1,453,001. Of this amount, £12,315 belonged to the Provident Fund, £337,223 was earned on the investment of the assets in the General Fund, £1,100,985 on the investment of the assets in the Major Claims Fund TANIO and £2,478 on the investment of the assets in the Major Claims Fund BRADY MARIA.

A further amount of £10,800 represents interest receivable on overdue annual contributions to the General Fund.

The item miscellaneous income, £73,997, is made up as follows:

- (a) £64,820 recovered from the CAVALRY, the other vessel involved in the EIKO MARU N°1 incident (1983);
- (b) £4,785 in interest on a loan of £434,374 taken by the Major Claims Fund BRADY MARIA from the General Fund, pending the receipt of contributions in respect of this Major Claims Fund;
- (c) £2,498 in interest on a loan of £79,407 taken by the Major Claims Fund JAN from the General Fund, pending the receipt of contributions in respect of this Major Claims Fund; and
- (d) £1,884 of the remaining amount of £1,894 represents savings in respect of 1986 obligations unliquidated at 31 December 1988.

II Expenditure

The figure of £1,015,419 comprises:

- (a) £309,789 expenses of running the IOPC Fund's Secretariat (Statement I); and
- (b) £705,630 expenses on claims (Schedule II).

III Exchange Adjustment

There was a net loss of £915 from currency revaluations, ie depreciation of French Francs held in London and appreciation of Japanese Yen held in Tokyo.

IV Excess of Income over Expenditure

A surplus of £302,205 was recorded for the financial period ended 31 December 1988.

2.3 Explanatory notes to the Income and Expenditure Account in respect of the Major Claims Fund TANIO for the period ended 31 December 1988

I Income

The major part of income consists of £1,100,985 realised from the investment of the assets in the Major Claims Fund TANIO. In addition, £1,520 was reimbursed by the French Government as part of joint fees relating to the recourse action which the IOPC Fund and the French Government had taken in France against the owner of the TANIO and other third parties, and £16,252 represents interest receivable on overdue contributions.

II Expenditure

The figure of £196,162 represents payments of compensation as well as fees and travel expenses in connection with the recourse action in respect of the TANIO incident.

III Excess of Income over Expenditure

There was a surplus of £922,595 at the end of the financial period. This was added to a balance of £12,736,321 brought forward from the previous period, resulting in a balance of £13,658,916 as at 31 December 1988.

2.4 Explanatory notes to the Income and Expenditure Account in respect of the Major Claims Fund BRADY MARIA for the period ended 31 December 1988

I Income

(a) Contributions

Total contributions receivable amount to £400,753, consisting of an assessment of £399,953 in 1987 and an assessment of £800 in 1988 in respect of the 1987 annual contributions for Cameroon.

Details of contributions receivable are given in Schedule I.

(b) Miscellaneous

This item consists mainly of an amount of £105,355 recovered from the WAYLINK, the other vessel involved in the BRADY MARIA incident. In addition, £765 represents interest receivable on overdue contributions, and £2,478 was realised from the investment of monies received in respect of the Major Claim Fund BRADY MARIA.

II Expenditure

The figure of £20,937 consists mainly of fees (£15,577) and interest on loans from the general fund (£4,785).

III Excess of Income over Expenditure

There was a balance of £488,414 at the end of the financial period.

2.5 Explanatory notes to the Provident Fund Account for the financial period 1 January - 31 December 1988

I During the period 1988 the total contributions to the Provident Fund, according to Staff Regulation 23(b) and Staff Rule VIII.5, amounted to £35,078 of which £11,693 was the participants' share. Interest earned on the total Provident Fund was £12,315.

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 were no withdrawals by staff members from the Provident Fund during 1988.

2.6 Explanatory notes to the Balance Sheet as at 31 December 1988

I Cash at Banks and in Hand

	£
Banque Nationale de Paris PLC FF Call deposit a/c	30,401
Barclays Bank PLC - £ current a/c	10,921
Barclays Bank PLC - £ Business Premium a/c	34,180
Barclays Bank PLC - £ High Interest Business a/c	181,049
Barclays Bank PLC - £ deposit a/c	2,500,000
Italian International Bank PLC - £ deposit a/c	3,234,966
Mitsubishi Bank Ltd - £ current a/c	1,349
Mitsubishi Bank Ltd - £ deposit a/c	1,517,805
Mitsui Trust & Banking Co Ltd - ¥ current a/c	1,183
Nomura Bank International PLC - £ deposit a/c	500,000
Sanwa Bank Ltd - £ deposit a/c	1,300,000
Scandinavian Bank Group PLC - £ deposit a/c	4,101,485
Skandinaviska Enskilda Banken - £ deposit a/c	3,078,167
Svenska Handelsbanken - £ deposit a/c	844,736
Petty cash - balance of imprest a/c	60
	<hr/>
	17,336,302

The amount of £17,336,302 includes a balance of £136,599 on the Staff Provident Fund.

II Contributions Outstanding

The amount of £41,253 represents the outstanding balances of annual contributions in respect of the General Fund (1982 - 1987) for £34,313, initial contributions for £2,617, and annual contributions in respect of the Major Claims Fund BRADY MARIA for £4,323. The break-down of these figures, under the respective Member States, appears in Schedule I.

III Due from Major Claims Fund JAN

The figure of £81,881 represents a loan of £79,407 taken by the Major Claims Fund JAN from the General Fund, pending the receipt of contributions in respect of this Major Claims Fund, plus interest.

The figure of £81,881 represents an asset of the General Fund, and will be reimbursed from the Major Claims Fund JAN as and when contributions to that Fund are received. In the context of a consolidated Balance Sheet, this amount, which represents a balance due from the Major Claims Fund JAN 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 £1,630 represents VAT for the 4th quarter of 1988 to be refunded by the United Kingdom Government. The amount was recovered early in 1989.

V Miscellaneous Receivable

The amount of £6,538 comprises:

- (a) £2,781 paid to BUPA for 1989 subscriptions to the health insurance scheme, 50% of which will be reimbursed by the staff members of the IOPC Fund and 50% from the 1989 Expenditure Account of the IOPC Fund.
- (b) £299 to be reimbursed to the IOPC Fund from travel accounts.
- (c) £3,458 salary advances to be reimbursed by staff members in 1989 under Staff Rule IV.12.

VI Interest on Overdue Contributions

The amount of £1,929 represents interest outstanding on only that portion of the overdue annual contributions paid by 31 December 1988 (cf Significant Accounting Policies (b)).

VII Surplus from General Fund

The figure of £3,441,432 represents the excess of Income over Expenditure in respect of the General Fund over the years. This amount includes the IOPC Fund's working capital of £2 million.

VIII Due to Staff Provident Fund

The amount of £136,599 is the balance on the Staff Provident Fund Account after the addition of interest earned.

IX Accounts Payable

The amount of £2,895 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 premiums.

X Unliquidated Obligations

The amount of £35,217 consists of outstanding expenditure of £2,863 (being the balance of £25,719 unliquidated at 31 December 1987) and the 1988 expenditure of £32,354 outstanding at 31 December 1988 (cf Significant Accounting Policies (a)).

XI Prepaid Contributions

These items relate to 1988 annual contributions which were received in 1988 (ie before the due date of 1 February 1989).

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 1987 annual contributions.

XIII Due to Major Claims Fund BRADY MARIA

An amount of £54,040 is due to the Major Claims Fund BRADY MARIA (Statement IV). This amount will be disbursed as, and when, decided by the Assembly in accordance with Internal Regulations 4.4.1 and 4.4.2.

XIV Due to Major Claims Fund TANIO

There is an amount of £13,658,916 due to the Major Claims Fund TANIO (Statement III). This amount will be reimbursed pro rata, on 1 February 1989, to the persons who had made contributions to that major claims fund, as decided by the Assembly at its 11th session (document FUND/A.11/20, item 13).


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 1988

1. The accounts relate to the tenth 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 been restricted as explained in paragraphs 2 and 3 below.

Claims

2. Payments were made in 1988 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.

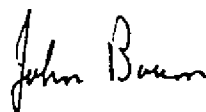
Contributions

3. Contributions to the General and Major Claims Funds 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.



JOHN BOURN
(Comptroller and Auditor General
United Kingdom)
External Auditor

31 July 1989

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ANNEX III

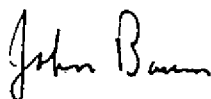
INTERNATIONAL OIL POLLUTION COMPENSATION FUND

OPINION OF THE EXTERNAL AUDITOR

To: The Assembly of the International Oil Pollution
Compensation Fund

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 1988, in accordance with the Common Auditing Standards of the Panel of External Auditors of the United Nations, the Specialized Agencies and the International Atomic Energy Agency. My examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as I considered necessary in the circumstances.

As a result of my examination, which was subject to the restrictions referred to in my Report, I am of the opinion that the financial statements present fairly the financial position as at 31 December 1988 and the results of the operations for the period then ended; that they were prepared in accordance with the Fund's stated accounting policies which were applied on a basis consistent with that of the preceding financial period; and that the transactions were in accordance with the Financial Regulations and legislative authority.



JOHN BOURN
(Comptroller and Auditor General
United Kingdom)
External Auditor

31 July 1989

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ANNEX IV

FINANCIAL STATEMENTS
OF THE IOPC FUND
FOR THE FINANCIAL YEAR
ENDED 31 DECEMBER 1988

STATEMENT I

GENERAL FUND

STATEMENT OF BUDGET APPROPRIATIONS AND OBLIGATIONS INCURRED FOR THE FINANCIAL PERIOD 1 JANUARY - 31 DECEMBER 1988

CLASS OF EXPENDITURE	BUDGET APPROPRIATIONS	TRANSFERS	REVISED BUDGET APPROPRIATIONS	OBLIGATIONS INCURRED LIQUIDATED	UNLIQUIDATED	TOTAL	BALANCE OF APPROPRIATIONS
	£	£	£	£	£	£	£
SECRETARIAT							
I PERSONNEL							
a Salaries	152,200	(5,863)	146,337	141,835	-	141,835	4,502
b Separation and recruitment	-	-	-	-	-	-	-
c Staff benefits and allowances	60,080	-	60,080	43,623	-	43,623	16,457
d Home Leave	10,000	-	10,000	8,126	-	8,126	1,874
TOTAL	222,280	(5,863)	216,417	193,584	-	193,584	22,833
II GENERAL SERVICES							
a Rent of office accommodation (including common services, security services and rates)	24,000	(2,115)	21,885	21,885	-	21,885	-
b Office machines, including maintenance	6,000	(413)	5,587	2,347	3,240	5,587	-
c Furniture and other office equipment	2,500	(1,118)	1,382	447	562	1,009	373
d Office stationery and supplies	5,000	(478)	4,522	2,284	2,132	4,416	106
e Communications (telex, telephone, postage)	7,500	478	7,978	7,417	561	7,978	-
f Other supplies	7,000	-	7,000	3,776	3,171	6,947	53
g Representation (hospitality)	4,000	3,646	7,646	7,409	237	7,646	-
h Printing and Publication	4,000	-	4,000	2,963	316	3,279	721
TOTAL	60,000	-	60,000	48,528	10,219	58,747	1,253
III MEETINGS							
a 11th Assembly and 19th and 20th Executive Committee in October 1988	20,000	(309)	19,691	5,151	12,285	17,436	2,255
b Assembly or Executive Committee	8,000	-	8,000	-	-	-	8,000
TOTAL	28,000	(309)	27,691	5,151	12,285	17,436	10,255
IV CONFERENCES AND TRAVEL							
a Conferences and seminars	8,000	10,039	18,039	18,039	-	18,039	-
b Mission	8,000	(4,176)	3,824	3,824	-	3,824	-
TOTAL	16,000	5,863	21,863	21,863	-	21,863	-
V MISCELLANEOUS EXPENDITURE							
a External audit	9,850	-	9,850	-	9,850	9,850	-
b Payment to IMO for general services	4,000	-	4,000	4,000	-	4,000	-
c Consultants' fees	4,000	309	4,309	4,309	-	4,309	-
TOTAL	17,850	309	18,159	8,309	9,850	18,159	-
TOTAL EXPENDITURE I - V	344,130	-	344,130	277,435	32,354	309,789	34,341

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 TANIO, and in Statement IV for the Major Claims Fund BRADY MARIA

M Jacobsson
Director

S O Nte
Finance Officer

STATEMENT II

GENERAL FUND

INCOME AND EXPENDITURE ACCOUNT FOR THE
FINANCIAL PERIOD 1 JANUARY - 31 DECEMBER 1988

INCOME

£

Contributions (Schedule I)

Initial Contributions	87,172
Annual Contributions 1987	805,822
Add adjustment to Prior Year's Assessments	<u>3,525</u>
	896,519

Miscellaneous

Miscellaneous Income	73,997	
Interest on Overdue Contributions	10,800	
Interest on Investments	<u>337,223</u>	<u>422,020</u>
		1,318,539

EXPENDITURE

Secretariat Expenses (Statement I)

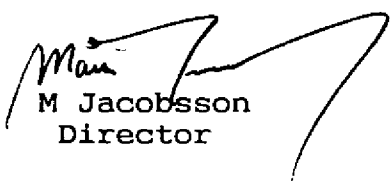
Unliquidated obligations	32,354
Liquidated obligations	<u>277,435</u>
	309,789

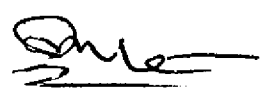
Claims (Schedule II)

General Claims	<u>705,630</u>	<u>1,015,419</u>
		303,120
Exchange Adjustment		<u>915</u>

Excess of Income over Expenditure

302,205


M Jacobsson
Director


S O Nte
Finance Officer

STATEMENT III

MAJOR CLAIMS FUND - TANIO

INCOME AND EXPENDITURE ACCOUNT
FOR THE PERIOD ENDED 31 DECEMBER 1988

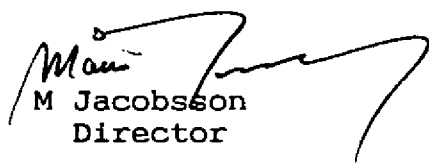
£


INCOME

Miscellaneous	1,520	
Interest on Overdue Contributions	16,252	
Interest on Investments	<u>1,100,985</u>	<u>1,118,757</u>

EXPENDITURE

Compensation (Schedule II)	87,559	
Fees & Travel Costs (Schedule II)	<u>108,603</u>	<u>196,162</u>
Excess of Income over Expenditure		922,595
Balance brought forward from 1987		<u>12,736,321</u>
Balance as at 31 December 1988		<u>13,658,916</u>


M Jacobsson
Director


S O Nte
Finance Officer

STATEMENT IV

MAJOR CLAIMS FUND - BRADY MARIA

INCOME AND EXPENDITURE ACCOUNT
FOR THE PERIOD ENDED 31 DECEMBER 1988

£

INCOME

Contributions (Schedule I)

Annual Contributions 1987 400,753

Miscellaneous

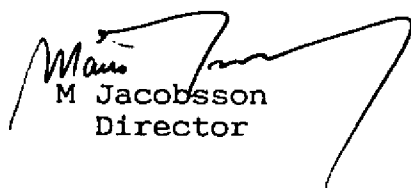
Miscellaneous Income	105,355	
Interest on Overdue Contributions	765	
Interest on Investments	2,478	108,598
		<u>509,351</u>

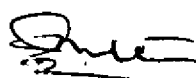
EXPENDITURE

Fees and travel costs (Schedule II)	16,152	
Interest on loans (Schedule II)	4,785	20,937
		<u>488,414</u>

Excess of Income over Expenditure *

- * The surplus of £488,414 is reduced in the Balance Sheet by the deficit of £434,374 accrued up to the period ended 31 December 1987.


M Jacobsson
Director

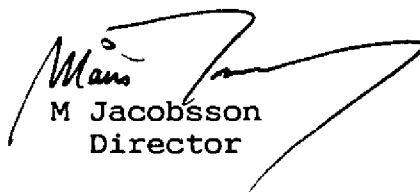

S O Nte
Finance Officer

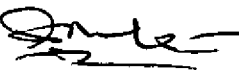
STATEMENT V

PROVIDENT FUND

ACCOUNT FOR THE FINANCIAL PERIOD 1 JANUARY - 31 DECEMBER 1988

	£		£
Balance B/f: Accounts of Staff Members as at 1 January 1988	89,206	Housing Loans	NIL
		Withdrawals on Separation	NIL
Contributions of staff members	11,693		
Contributions of IOPC Fund	23,385	Accounts of Staff members as at 31 December 1988	<u>136,599</u>
Interest received during period	<u>12,315</u>		
	<u>136,599</u>		<u>136,599</u>


M Jacobsson
Director

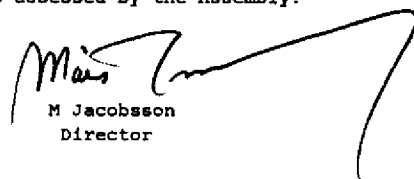

S O Nte
Finance Officer

STATEMENT VI

BALANCE SHEET OF THE IOPC FUND AS AT 31 DECEMBER 1988

<u>LIABILITIES</u>		£	<u>ASSETS</u>		£
Accumulated Surplus from General Fund			Cash at Banks and in Hand		17,336,302
Prior Years	3,139,227		Contributions Outstanding:		
Add Surplus 1988	302,205	3,441,432	Annual Contributions 1982	675	
Due to Staff Provident Fund		136,599	Annual Contributions 1983	4,556	
Accounts Payable		2,895	Annual Contributions 1985	2,718	
Unliquidated Obligations			Annual Contributions 1986	17,552	
1987	2,863		Annual Contributions 1987	8,812	
1988	32,354	35,217	Initial Contributions	2,617	
			Major Claims Fund Brady Maria	4,323	41,253
Prepaid Contributions			Due from Major Claims Fund Jan		81,881
General Fund	132,385		VAT Recoverable		1,630
Major Claims Fund Jan	4,191	136,576	Miscellaneous Receivable		6,538
Contributors' Account		3,858	Interest on Overdue Contributions:		
Due to Major Claims Fund Brady Maria			General Fund	593	
Deficit 1987	434,374		Major Claims Funds:		
add Surplus 1988	488,414	54,040	Brady Maria	205	
			Tanio	1,131	1,929
Due to Major Claims Fund Tanio		13,658,916			
		<u>17,469,533</u>			<u>17,469,533</u>

Note 1 There are contingent liabilities in respect of incidents which are estimated to amount to £7,657,738 (Schedule III). Those liabilities which mature will, under the Fund Convention, be met from contributions assessed by the Assembly.


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 1988 amounted at cost price to £45,668 net of VAT.


S O Nte
Finance Officer

SCHEDULE I

**REPORT ON CONTRIBUTIONS DURING THE FINANCIAL PERIOD
1 JANUARY - 31 DECEMBER 1988
AND ON CONTRIBUTIONS OUTSTANDING FOR THE PREVIOUS FINANCIAL PERIODS**

1 Three States acceded to the Fund Convention in 1988: the Republic of Côte d'Ivoire, the Republic of Seychelles and the State of Qatar.

2 In respect of Greece, USSR and Nigeria, the Fund Convention entered into force in 1987, but initial contributions became due in 1988.

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 1988 was submitted to the Assembly at its 11th session (document FUND/A.11/6). An additional preliminary Report on the Payment of Contributions as at 15 October 1988 was also submitted to the Assembly at that session (document FUND/A.11/6/Add.1)

The report contained in this schedule is an up-date of the earlier reports, showing the outstanding balances as at 31 December 1988.

REPORT ON ANNUAL CONTRIBUTIONS 1987 - GENERAL FUND AS AT 31.12.88

State	Assessment £	Receipt £	Outstanding £	% Paid
*Algeria	-	-	-	-
Bahamas	7,588.42	7,588.42	0.00	100.00
*Benin	-	-	-	-
Cameroon	1,647.34	0.00	1,647.34	0.00
**Côte d'Ivoire	-	-	-	-
Denmark	7,293.42	7,293.42	0.00	100.00
***Fiji	-	-	-	-
Finland	11,975.83	11,975.83	0.00	100.00
France	91,982.68	91,982.68	0.00	100.00
*Gabon	-	-	-	-
Germany, Federal Republic of	23,734.15	23,734.15	0.00	100.00
Ghana	856.13	856.13	0.00	100.00
Greece	16,365.29	15,524.99	840.30	94.87
***Iceland	-	-	-	-
Indonesia	8,468.36	8,468.36	0.00	100.00
Italy	123,682.49	118,976.38	4,706.11	96.03
Japan	236,325.66	236,325.66	0.00	100.00
***Kuwait	-	-	-	-
*Liberia	-	-	-	-
***Maldives	-	-	-	-
***Monaco	-	-	-	-
Netherlands	81,321.73	81,321.73	0.00	100.00
*Nigeria	-	-	-	-
Norway	8,173.65	8,173.65	0.00	100.00
***Oman	-	-	-	-
****Papua New Guinea	-	-	-	-
Poland	715.85	715.85	0.00	100.00
Portugal	9,454.26	9,454.26	0.00	100.00
**Qatar	-	-	-	-
**Seychelles	-	-	-	-
Spain	53,072.34	53,072.34	0.00	100.00
Sri Lanka	1,663.78	1,663.78	0.00	100.00
Sweden	22,053.76	22,053.76	0.00	100.00
Syrian Arab Republic	2,457.91	2,457.91	0.00	100.00
Tunisia	2,819.44	2,819.44	0.00	100.00
***Tuvalu	-	-	-	-
*United Arab Emirates	-	-	-	-
United Kingdom	78,823.47	78,823.47	0.00	100.00
USSR	4,402.68	4,402.68	0.00	100.00
Yugoslavia	10,943.25	9,338.76	1,604.49	85.34
TOTAL	805,821.89	797,023.65	8,798.24	98.91

- * Reports on Contributing Oil Receipts in 1986 not yet submitted
 ** Not a Member State in 1987
 *** No liability for contributions to the general fund in 1987
 **** Report on contributing oil receipts in 1986 submitted,
 and assessment made in 1989

* * *

REPORT ON ANNUAL CONTRIBUTIONS 1987
BRADY MARIA MAJOR CLAIMS FUND AS AT 31.12.88

<u>State</u>	<u>Assessment</u> £	<u>Receipt</u> £	<u>Outstanding</u> £	<u>% Paid</u>
Algeria	199.88	0.00	199.88	0.00
Bahamas	3,865.81	3,865.81	0.00	100.00
*Benin	-	-	-	-
Cameroon	799.87	0.00	799.87	0.00
*Côte d'Ivoire	-	-	-	-
Denmark	3,663.77	3,663.77	0.00	100.00
**Fiji	-	-	-	-
Finland	6,763.24	6,763.24	0.00	100.00
France	48,554.59	48,331.21	223.38	99.54
Gabon	300.02	300.02	0.00	100.00
Germany, Federal Republic of	10,782.80	10,782.80	0.00	100.00
Ghana	466.96	466.96	0.00	100.00
*Greece	-	-	-	-
**Iceland	-	-	-	-
Indonesia	4,348.55	4,348.55	0.00	100.00
Italy	61,215.41	58,859.25	2,356.16	96.15
Japan	124,966.79	124,966.79	0.00	100.00
**Kuwait	-	-	-	-
**Liberia	-	-	-	-
**Maldives	-	-	-	-
**Monaco	-	-	-	-
Netherlands	39,763.06	39,763.06	0.00	100.00
*Nigeria	-	-	-	-
Norway	4,285.44	4,285.44	0.00	100.00
***Oman	-	-	-	-
Papua New Guinea	87.59	87.59	0.00	100.00
Poland	545.23	545.23	0.00	100.00
Portugal	5,006.45	5,006.45	0.00	100.00
*Qatar	-	-	-	-
*Seychelles	-	-	-	-
Spain	24,379.81	24,379.81	0.00	100.00
Sri Lanka	860.72	860.72	0.00	100.00
Sweden	9,509.93	9,509.93	0.00	100.00
Syrian Arab Republic	2,503.46	2,503.46	0.00	100.00
Tunisia	1,113.86	1,113.86	0.00	100.00
**Tuvalu	-	-	-	-
**United Arab Emirates	-	-	-	-
United Kingdom	41,585.52	41,585.52	0.00	100.00
*USSR	-	-	-	-
Yugoslavia	5,183.80	4,439.91	743.89	85.65
TOTAL	400,752.56	396,429.38	4,323.18	98.92

* Not a Member State at the time of the BRADY MARIA incident

** No liability for contributions to the BRADY MARIA Major Claims Fund

*** Reports on contributing oil receipts in 1985 not yet submitted

* * *

REPORT ON ANNUAL CONTRIBUTIONS OUTSTANDING FOR
PREVIOUS FINANCIAL PERIODS AS AT 31 DECEMBER 1988

General Fund & Major Claims Funds

State	Assessment	Receipt	Outstanding
	£	£	£
Cameroon (1986)	3,598.11	0.00	3,598.11
Italy (1986)	275,369.13	264,762.23	10,606.90
Yugoslavia (1982)	10,081.81	9,407.31	674.50
Yugoslavia (1983)	278,948.44	274,385.82	4,562.62
Yugoslavia (1985)	19,532.83	16,814.69	2,718.14
Yugoslavia (1986)	23,318.66	19,972.35	3,346.31
<hr/>			
TOTAL	610,848.98	585,342.40	25,506.58
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* * *

REPORT ON INITIAL CONTRIBUTIONS DUE IN 1988
AS AT 31 DECEMBER 1988

State	Assessment	Receipt	Outstanding	% Paid
	£	£	£	
*Benin	-	-	-	-
*Cameroon	-	-	-	-
*Côte d'Ivoire	-	-	-	-
Greece	50,965.52	48,348.62	2,616.90	94.87
*Nigeria	-	-	-	-
*Qatar	-	-	-	-
**Seychelles	-	-	-	-
USSR	36,206.43	36,206.43	0.00	100.00
<hr/>				
TOTAL	87,171.95	84,555.05	2,616.90	97.00
<hr/>				

* Reports on contributing oil receipts in relevant year not yet submitted

** No liability for initial contributions

* * *

SCHEDULE II

REPORT ON PAYMENT OF CLAIMS FOR THE FINANCIAL
PERIOD 1 JANUARY - 31 DECEMBER 1988

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 Expenditure incurred by the IOPC Fund during 1988 in respect of various incidents amounted to £1,004,611.

3 With regard to the JAN incident, £593,585 was paid from the General Fund. This amount constituted the balance of the first 15 million (gold) francs of which £160,597 had already been paid by the end of 1987. An amount of £79,407 in excess of 15 million (gold) francs was paid from loans taken from the General Fund, pending the receipt of contributions due on 1 February 1989 in respect of the Major Claims Fund JAN.

4 In general, the position as at 31 December 1988 was as follows:

(a) TANIO

	£
Compensation	87,559
Fees	107,208
Travel	1,392
Miscellaneous	3
1988 Expenditure	196,162
1987 Expenditure b/f	77,241
1986 Expenditure b/f	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	1,427
Total Expenditure to date	<u>18,832,388</u>

(b) <u>EIKO MARU N°1</u>	£
Fees	9,789
1988 Expenditure	9,789
1987 Expenditure b/f	NIL
1986 Expenditure b/f	NIL
1985 Expenditure b/f	32,025
1984 Expenditure b/f	<u>81,454</u>
Total Expenditure to date	<u>123,268</u>
(c) <u>KOSHUN MARU N°1</u>	
1988 Expenditure	NIL
1987 Expenditure b/f	NIL
1986 Expenditure b/f	NIL
1985 Expenditure b/f	<u>81,519</u>
Total Expenditure to date	<u>81,519</u>
(d) <u>PATMOS</u>	
Fees	70,635
Travel	708
Miscellaneous	137
1988 Expenditure	<u>71,480</u>
1987 Expenditure b/f	94,606
1986 Expenditure b/f	139,739
1985 Expenditure b/f	<u>2,660</u>
Total Expenditure to date	<u>308,485</u>
(e) <u>JAN</u>	
Compensation	668,669
Fees	3,376
Travel	888
Interest on loans from the General Fund	2,498
Miscellaneous	35
1988 Expenditure	<u>675,466</u>
1987 Expenditure b/f	160,142
1986 Expenditure b/f	33
1985 Expenditure b/f	<u>422</u>
Total Expenditure to date	<u>836,063</u>

(f) BRADY MARIA

	£
Fees	15,577
Travel	499
Interest on loans from the General Fund	4,785
Miscellaneous	76
1988 Expenditure	<u>20,937</u>
1987 Expenditure b/f	309,363
1986 Expenditure b/f	<u>883,327</u>
Total Expenditure to date	<u>1,213,627</u>

(g) OUED GUETERINI

Fees	1,000
Travel	1,040
Miscellaneous	221
1988 Expenditure	<u>2,261</u>
1987 Expenditure b/f	<u>800</u>
Total Expenditure to date	<u>3,061</u>

(h) THUNTANK 5

Fees	9,757
Travel	5,549
Miscellaneous	186
1988 Expenditure	<u>15,492</u>
1987 Expenditure b/f	<u>14,985</u>
Total Expenditure to date	<u>30,477</u>

(i) ANTONIO GRAMSCI

Travel	1,442
Miscellaneous	<u>161</u>
Total Expenditure to date	<u>1,603</u>

(j) AKARI

Fees	<u>10,175</u>
Total Expenditure to date	<u>10,175</u>

(k) AMAZZONE

Travel	<u>1,246</u>
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Total Expenditure to date	<u>1,246</u>
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SCHEDULE III

DETAILS OF CONTINGENT LIABILITIES AS AT 31 DECEMBER 1988

1 There are contingent liabilities with regard to 13 incidents. The contingent liabilities arising out of these incidents, with the exception of one incident regarding which claims had not yet been submitted, are estimated at £7,657,738 as at 31 December 1988.

2 Out of these contingent liabilities, a total amount of £53,368 has been liquidated, as at 30 April 1989. This amount relates to payment of fees in respect of the PATMOS, OUED GUETERINI, THUNTANK 5 and AKARI incidents.

3 The incidents which occurred from 1979 to 1988 in respect of which the IOPC Fund has been, or may be, held liable are set out in the IOPC Fund's "Annual Report 1988".

4 With regard to the ANTONIO GRAMSCI incident, it should be noted that the damage caused in the USSR is not covered by the Fund Convention, but the claim submitted by the USSR authorities (Rbls 2,312,684, corresponding to £2,119,755) will compete with the Finnish claims in the distribution of the amount available under the Civil Liability Convention (Rbls 2,431,854, corresponding to £2,228,810).

5 All the claims arising out of the SOUTHERN EAGLE incident were settled in March 1989 at a total amount of ¥86,867,862, which is less than the shipowner's limitation amount under the Civil Liability Convention. Since the vessel was registered in a non Member State, the shipowner is not entitled to indemnification from the IOPC Fund. The IOPC Fund will therefore not be required to make any payments in respect of this incident.

6 Concerning the EL HANI incident, no claims have been submitted to the IOPC Fund, although there was a request for advance payment by the Indonesian authorities. In view of the high level of the shipowner's limitation amount, it is unlikely that the IOPC Fund will be called upon to make any payments.

7 With regard to the AMAZZONE incident, claims have been submitted by the Department of Côtes-du-Nord, two Channel Island authorities and French private claimants. However, as at 31 December 1988, no claims had been submitted by the French

Government, which incurred the major part of the expenses for the clean-up operations, nor by other local authorities which were involved in this incident. In February 1989, claims totalling FFr6,853,206 (£625,435) were submitted by the French Government. Further claims are anticipated.

8 Regarding the KASUGA MARU N°1 incident, which took place on 10 December 1988, clean-up operations are still being undertaken as at 30 April 1989. No claims had been submitted by 31 December 1988. However, claims totalling ¥429,197,213 (£1.9 million) were submitted in April 1989. Further claims are expected. The limitation amount of the shipowner's liability is estimated at ¥17,015,040 (£75,300).

9 Details of the contingent liabilities, given in rounded figures, as at 31 December 1988 are as follows.

(a) <u>KOSHUN MARU N°1</u>		£
Indemnification (¥474,080)		2,100
Surveyors' fees (¥2,200,000)		9,735
Legal fees (¥1,400,000)		<u>6,200</u>
		<u>18,035</u>
(b) <u>PATMOS</u>		
<u>Compensation</u>		
Italian Government	(Lit 5,385,773,163)	
Shipowner	(Lit 660,045,580)	
Other private claimants	(Lit 9,107,768,791)	
Total claims	(Lit 15,153,587,534)	6,415,575
<u>Minus</u>		
CLC limit (Lit13,263,703,650)		<u>5,615,455</u>
		800,120
<u>Plus</u>		
Legal fees		400,000
Surveyors' fees		10,000
Miscellaneous		<u>10,000</u>
		<u>1,220,120</u>
(c) <u>BRADY MARIA</u>		
Legal fees		<u>5,000</u>

(d)	<u>OUED GUETERINI</u>	£
	<u>Compensation</u>	
	Shipowner (Din5,650)	490
	Private Claimant (Din5,278,525)	<u>460,150</u>
		460,640
	<u>Minus</u>	
	CLC Limit (Din1,175,064)	<u>102,435</u>
		358,205
	<u>Plus</u>	
	Indemnification (Din293,766)	25,600
	Legal fees	30,000
	Surveyors' fees	<u>30,000</u>
		<u>443,805</u>
(e)	<u>THUNTANK 5</u>	
	<u>Compensation</u>	
	Swedish Authorities (SKr24,992,884)	2,255,675
	Private claimants (SKr49,361)	<u>4,455</u>
		2,260,130
	<u>Minus</u>	
	CLC Limit (SKr2,741,746)	<u>247,450</u>
		2,012,680
	<u>Plus</u>	
	Indemnification (SKr685,437)	61,860
	Surveyors' fees	<u>40,000</u>
		<u>2,114,540</u>
(f)	<u>ANTONIO GRAMSCI</u>	
	<u>Compensation</u>	
	Finnish Authorities (FM22,124,415)	2,943,330
	<u>Minus</u>	
	Payable to the Finnish Authorities under the Civil Liability Convention (Rbls1,400,000)	<u>1,283,110</u>
		1,660,220
	<u>Plus</u>	
	Surveyors' fees	40,000
	Miscellaneous	<u>10,000</u>
		<u>1,710,220</u>

(g)	<u>SOUTHERN EAGLE</u>	£
	<u>Compensation</u>	
	Japanese Authorities (¥1,349,957)	
	Shipowner (¥13,835,925)	
	Other Private Claimants (¥120,503,508)	
	(¥135,689,390)	600,395
	<u>Minus</u>	
	CLC Limit (¥93,874,528)	415,375
		185,020
	<u>Plus</u>	
	Legal fees	2,000
	Surveyors' fees	7,000
		194,020
(h)	<u>EL HANI</u>	
	No claims submitted; unlikely that the IOPC Fund will be called upon to make any payments.	
(i)	<u>AKARI</u>	
	<u>Compensation</u>	
	Municipality (Dhs256,006)	38,560
	Other Claimants (US\$305,681 + Dhs643,397)	265,880
		304,440
	<u>Minus</u>	
	CLC Limit	115,000
		189,440
	<u>Plus</u>	
	Legal fees	30,000
	Surveyors' fees	10,000
		229,440
(j)	<u>HINODE MARU N°1</u>	
	<u>Compensation</u>	
	Shipowner (¥3,301,225)	14,605
	<u>Minus</u>	
	CLC Limit (¥480,000)	2,125
		12,480
	<u>Plus</u>	
	Indemnification (¥120,000)	530
	Surveyors' fees (¥20,000)	100
		13,110

(k)	<u>AMAZZONE</u>	£
	<u>Compensation</u>	
	French Local Authorities (FFr978,853)	89,330
	Further claims by French authorities (FFr25,000,000)	2,281,540
	Channel Islands Authorities	21,393
	Private Claimants (FFr159,318)	14,540
		<u>2,406,803</u>
	<u>Minus</u>	
	CLC Limit (FFr13,612,749)	1,242,320
		<u>1,164,483</u>
	<u>Plus</u>	
	Indemnification (FFr3,403,187)	310,580
	Legal fees	100,000
	Surveyors' fees	100,000
		<u>1,675,063</u>
(l)	<u>TAIYO MARU N°13</u>	
	<u>Compensation</u>	
	Shipowner (¥126,160)	560
	Other Claimants (¥8,485,525)	37,545
		<u>38,105</u>
	<u>Minus</u>	
	CLC Limit (¥2,476,800)	10,960
		<u>27,145</u>
	<u>Plus</u>	
	Indemnification (¥619,200)	2,740
	Legal fees	1,500
	Surveyors' fees	3,000
		<u>34,385</u>
(m)	<u>KASUGA MARU N°1</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 1988 and either received or receivable in this period. Hence, interest not due in 1988 on investments or on overdue annual contributions in this period is excluded from the 1988 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 1988 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 30 December 1988 as published in the Financial Times. These rates are as follows:

Algerian Dinar	11.4713	= £1
Danish Krone	12.4100	= £1
Finnish Markka	7.5168	= £1
French Franc	10.9575	= £1
Italian Lira	2,362.0000	= £1
Japanese Yen	226.0000	= £1
Swedish Krona	11.0800	= £1
UAE Dirham	6.6395	= £1
US Dollar	1.8090	= £1
USSR Rouble	1.0911	= £1

These notes are an integral part of the Financial Statements.