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FINANCIAL STATEMENTS AND AUDITOR'S REPORT AND OPINION

Note by the Director

1 In accordance with Article 29.2(f) of the 1971 Fund Convention, the Director has prepared the financial statements of the 1971 Fund for the Financial Year 1996. Pursuant to Financial Regulation 13.9, the External Auditor has submitted to the Assembly, through its Chairman, his Report on the audit of the financial statements of the 1971 Fund for the financial period ended 31 December 1996. The Director has prepared comments on the financial statements. These comments and the Auditor's Report are at Annexes I and II, respectively.

2 Under Financial Regulation 13.15 the External Auditor shall express an opinion on the financial statements on which he is reporting. This Opinion is at Annex III.

3 The certified financial statements for the financial period 1 January to 31 December 1996 are at Annex IV.

Action to be taken by the Assembly

4 The Assembly is invited to consider the External Auditor's Report and Opinion and to approve the accounts.

ANNEX I

**DIRECTOR'S COMMENTS ON THE
FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD
1 JANUARY TO 31 DECEMBER 1996**

1 INTRODUCTION

1.1 Financial Regulation 12.3 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 1971 Fund Convention, and on which the External Auditor will report in accordance with Regulation 13.15 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;
 - (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.

1.2 Staff Regulation 23(b) provides that the Director shall establish and operate a Provident Fund to which both the 1971 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 1971 Fund.

1.3 The following financial statements for the period 1996 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 1996
Statement II	Income and Expenditure Account in respect of the General Fund for the Financial Period 1 January - 31 December 1996
Statement III	Income and Expenditure Account in respect of Major Claims Fund <i>Kasuga Maru N °1</i> for the Financial Period 1 January - 31 December 1996
Statement IV	Income and Expenditure Account in respect of Major Claims Fund <i>Rio Orinoco</i> for the Financial Period 1 January - 31 December 1996
Statement V	Income and Expenditure Account in respect of Major Claims Fund <i>Haven</i> for the Financial Period 1 January - 31 December 1996
Statement VI	Income and Expenditure Account in respect of Major Claims Fund <i>Aegean Sea</i> for the Financial Period 1 January - 31 December 1996
Statement VII	Income and Expenditure Account in respect of Major Claims Fund <i>Braer</i> for the Financial Period 1 January - 31 December 1996
Statement VIII	Income and Expenditure Account in respect of Major Claims Fund <i>Taiko Maru</i> for the Financial Period 1 January - 31 December 1996
Statement IX	Income and Expenditure Account in respect of Major Claims Fund <i>Keumdong N °5</i> for the Financial Period 1 January - 31 December 1996
Statement X	Income and Expenditure Account in respect of Major Claims Fund <i>Toyotaka Maru</i> for the Financial Period 1 January - 31 December 1996

Statement XI	Income and Expenditure Account in respect of Major Claims Fund <i>Sea Prince</i> for the Financial Period 1 January - 31 December 1996
Statement XII	Income and Expenditure Account in respect of Major Claims Fund <i>Yeo Myung</i> for the Financial Period 1 January- 31 December 1996
Statement XIII	Income and Expenditure Account in respect of Major Claims Fund <i>Yuil N°1</i> for the Financial Period 1 January - 31 December 1996
Statement XIV	Income and Expenditure Account in respect of Major Claims Fund <i>Senyo Maru</i> for the Financial Period 1 January- 31 December 1996
Statement XV	Provident Fund Account for the Financial Period 1 January - 31 December 1996
Statement XVI	Balance Sheet of the 1971 Fund as at 31 December 1996
Statement XVII	Cash Flow Statement for the Financial Period 1 January - 31 December 1996

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 1996 and on Contributions Outstanding for Previous Financial Periods
Schedule II	Report on Payment of Claims for the Financial Period 1 January - 31 December 1996
Schedule III	Details of Contingent Liabilities as at 31 December 1996.

2 COMMENTS ON THE RESPECTIVE FINANCIAL STATEMENTS

2.1 Statement of Budget Appropriations and Obligations incurred in respect of the General Fund for the Financial Period 1 January - 31 December 1996 (Statement I)

This Statement follows the layout of the 1971 Fund Budget for 1996 (document FUND/A.18/14/Add.1). It should be noted that the 1971 Fund Assembly and the 1992 Fund Assembly, at their 2nd extraordinary session and 1st session, respectively, decided that the cost of running the joint Secretariat should, for the period 30 May to 31 December 1996, be distributed with 3/4 to be paid by the 1971 Fund and 1/4 by the 1992 Fund (document 71FUND/A/ES.2/22, paragraph 9 and document 92FUND/A.1/34, paragraph 11). The only exception was the appropriation for meetings (Chapter III) which was calculated on the basis of the expected duration of the meetings of the 1992 Fund and the 1971 Fund. The figures in the extreme right hand column show how the obligations incurred have been split between the 1971 Fund and the 1992 Fund.

For a better understanding of the Statement, however, the Director's comments will follow the order of the 1971 Fund Budget 1996 appropriations, without addressing how the joint costs were shared between the 1971 Fund and the 1992 Fund.

The total obligations incurred in respect of both Organisations amount to £1,147,086 as compared with the appropriation of £1,435,930. The savings amount accordingly to £288,844.

Transfers were made between appropriations within chapters of the budget, in accordance with Financial Regulation 6.3.

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

I Personnel

The total expenditure on personnel was £691,485 as compared with the appropriation of £778,620, resulting in a saving of £87,135. The saving was made out of various appropriations as follows; £17,864 from Salaries, £9,608 from Separation and recruitment, £56,997 from Staff benefits and allowances and £2,666 from Home Leave.

The saving of £87,135 out of the appropriation for Personnel was due mainly to the following reasons:

- (a) The new Claims Officer, who was expected to be recruited in December 1995, commenced in February 1996. Consequently, the salary provision of some £5,000 for January 1996 was not used.
- (b) The new Finance Officer who was expected to take up office from 1 May 1996 commenced in November 1996. As a result, the salary provision of some £31,000 for May-October was not used.
- (c) The salary provision of some £20,000 included in the 1996 Budget for an additional Clerk-Secretary was not used, as the post was not filled in 1996.

Savings were, therefore, made on salaries and staff benefits and allowances. In addition savings were made on recruitment costs as the new Finance Officer was already living in London.

II General services

The total expenditure on General Services was £260,460 as compared with the appropriation of £318,710, resulting in a saving of £58,250.

The invoice for the 1971 Fund's rent and other charges relating to office accommodation in 1996 was presented by IMO within the relevant financial period. There was a substantial saving of £20,945 due to the fact that additional office space, for which an appropriation had been made, was not provided by IMO until January 1997.

The appropriation of £25,000 for Office machines was exceeded by £11,177. With the arrival of new staff members, additional printers had to be purchased. In addition, the computer network needed to be upgraded in order to improve efficiency. The excess was met by the transfer of £11,177 from savings in the appropriation for Printing and publication within the same chapter.

III Meetings

The total expenditure on Meetings was £51,119 as compared with the appropriation of £81,800.

The appropriation of £21,075 for the autumn sessions of the Assembly and the Executive Committee was exceeded by £1,514, which was met by a transfer from the appropriation for Further meetings of the Executive Committee.

No Intersessional Working Group meeting was held in 1996.

Costs relating to the 1st session of the 1992 Fund Assembly and the extraordinary session of the 1971 Fund Assembly held in June 1996 amounted to £9,829. An appropriation of £21,075 was made for this sessions, leaving a surplus of £11,246.

IV Conferences and travel

(a) Conferences and seminars

The Secretariat participated in various conferences and seminars during 1996.

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. In some cases missions were combined with conferences and seminars, and vice versa.

Out of the appropriation of £20,000 for Conferences and seminars £12,173 was used, leaving a surplus of £7,827.

(b) Mission

The Director went on mission to eight states.

There was a saving of £8,399 out of the appropriation of £20,000 for Mission.

V Miscellaneous expenditure

The total expenditure under this head was £120,248, as compared with the appropriation of £166,800, resulting in a saving of £46,552.

The appropriation of £45,000 for Payment to IMO for translator was exceeded by £1,773. The excess was met by the transfer of £1,773 from the appropriation for Consultants' fees within the same chapter.

VI Unforeseen expenditure

No expenditure falling within this chapter was incurred in 1996.

2.2 Income and Expenditure Account in respect of the General Fund for the Financial Period 1 January - 31 December 1996 (Statement II)

I Income

(a) Contributions

Total contributions receivable amounted to £5,808,890.

The levy of 1995 annual contributions for the General Fund fixed by the Assembly was £6 million. However, since some Member States had not submitted their reports on contributing oil receipts for 1994, the amount actually levied during the financial period was £5,808,890. Further invoices will be issued as the remaining oil reports are submitted.

The amount of £1,162 represents initial contributions receivable in respect of Malta.

The figure of £7,212 represents an adjustment to prior years' assessment of contributions (see Note 3 to the Financial Statements).

Details of contributions receivable as at 31 December 1996 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 1971 Fund's assets. The investment income exceeded the 1996 budget estimate of £600,000 by £470,460, owing to a much higher average balance on the General Fund than foreseen.

II Expenditure

The total expenditure was £4,454,670 representing Secretariat expenditure of £975,953 in respect of the 1971 Fund, compensation payments of £1,977,901 and claims related expenses (fees, travel and miscellaneous) of £1,500,816.

III Excess of income over expenditure

A surplus of £2,918,224 was recorded for the financial period ended 31 December 1996. After allowing for an exchange loss of £44,026, there was a net surplus of £2,874,198, from which an amount of £176,662 was deducted, leaving a balance of £2,697,536.

The figure of £176,662 represents a loan of £172,057 taken in 1995 by the *Agip Abruzzo* Major Claims Fund from the General Fund, pending the receipt of contributions in respect of the Major Claims Fund, plus interest of £4,605. This amount would have been reimbursed to the General Fund from the *Agip Abruzzo* Major Claims Fund when contributions to that Major Claims Fund were received. However, at its 18th session, the Assembly took the view that the amount to be paid from a proposed *Agip Abruzzo* Major Claims Fund was relatively insignificant. The Assembly decided therefore that the amount required should be paid from the General Fund instead of from a Major Claims Fund (document FUND/A.18/26, paragraph 18.6). The interest along with the loan was extinguished on 1 February 1996.

2.3 Income and Expenditure Account in respect of Major Claims Fund *Kasuga Maru* N°1 for the Financial Period 1 January - 31 December 1996 (Statement III)

I Income

There was no income on this account in 1996.

II Expenditure

There was no expenditure on this account in 1996.

III Excess of income over expenditure

There was a balance of £389,734 brought forward from the previous financial period, of which £359,990 was credited to the contributor's account and the balance of £29,744 transferred to the General Fund in accordance with the Assembly's decision at its 18th session (document FUND/A.18/26, paragraph 18.12).

2.4 Income and Expenditure Account in respect of Major Claims Fund *Rio Orinoco* for the Financial Period 1 January- 31 December 1996 (Statement IV)

I Income

There was no income on this account in 1996.

II Expenditure

There was no expenditure on this account in 1996.

III Excess of income over expenditure

There was a balance of £1,363,008 brought forward from the previous financial period, of which £1,279,991 was credited to the contributor's account and the balance of £83,017 was transferred to the General Fund in accordance with the Assembly's decision at its 18th session (document FUND/A.18/26, paragraph 18.12).

2.5 Income and Expenditure Account in respect of Major Claims Fund *Haven* for the Financial Period 1 January - 31 December 1996 (Statement V)

I Income

(a) Contributions

No annual contributions were due in 1996, as the Assembly had decided not to levy any 1995 contributions to the *Haven* Major Claims Fund (document FUND/A 18/26, paragraph 18.7).

The figure of £921 represents an adjustment to the annual contributions to this Major Claims Fund (see Note 3 to the Financial Statements).

(b) Miscellaneous

The miscellaneous income consists of an amount of £1,523,134 realised from the investment of funds in respect of this Major Claims Fund and an amount of £41,850 representing interest earned on loans to the *Braer* Major Claims Fund.

II Expenditure

The figure of £2,714,352 represents compensation payments of £2,048,108, fees of £662,958, travel expenses of £2,160 and miscellaneous expenses of £1,126.

III Excess of income over expenditure

There was a deficit of £1,148,447 during the financial period 1996. This was deducted from the balance of £29,156,430 brought forward from the previous financial period, resulting in a balance of £28,007,983 at 31 December 1996.

2.6 Income and Expenditure Account in respect of the Major Claims Fund *Aegean Sea* for the Financial Period 1 January- 31 December 1996 (Statement VI)

I Income

(a) Contributions

No annual contributions were due in 1996, as the Assembly had decided not to levy any 1995 contributions to the *Aegean Sea* Major Claims Fund (document FUND A/18/26, paragraph 18.10).

The figure of £676,876 represents an adjustment to the annual contributions to this Major Claims Fund (see Note 3 to the Financial Statements).

(b) Miscellaneous

The miscellaneous income consists of an amount of £25,122, representing interest on overdue contributions, and an amount of £1,914,053 realised from the investment of monies received in respect of this Major Claims Fund.

II Expenditure

The figure of £1,062,868 represents compensation payments of £356,613, fees of £698,706, travel expenses of £6,245 and miscellaneous expenses of £1,304.

III Excess of income over expenditure

There was a surplus of £1,553,183 during the financial period 1996. This was added to the balance of £33,842,451 brought forward from the previous financial period, resulting in a balance of £35,395,634 at 31 December 1996.

2.7 Income and Expenditure Account in respect of the Major Claims Fund *Braer* for the Financial Period 1 January - 31 December 1996 (Statement VII)

I Income

(a) Contributions

Total contributions receivable amounted to £13,940,004.

At its 18th session, the Assembly decided to make a second levy of £14 million in the form of 1995 annual contributions for *Braer* Major Claims Fund, payable by 1 February 1996 (document FUND/A 18/26 paragraph 18.4). However, since some Member States had not submitted their reports on contributing oil receipts for 1992 (the calendar year before the incident), the amount actually levied during the financial period was £13,940,004. Further invoices will be issued as the remaining oil reports are submitted.

The figure of £21,919 represents an adjustment to the first levy of annual contributions to this Major Claims Fund (see note 3 to the Financial Statements).

(b) Miscellaneous

The miscellaneous income consists of an amount of £22,275, representing interest on overdue contributions, and an amount of £286,353 realised from the investment of monies received in respect of this Major Claims Fund.

II Expenditure

The figure of £639,739 represents a deduction of £1,454 from compensation payments due to non-encashment of cheques by two claimants, fees of £570,150, travel expenses of £14,495, interest of £41,850 on loans from the *Haven* Major Claims Fund and miscellaneous expenses of £14,698. The major part of the miscellaneous expenses relates to 75% of the salary cost of the supernumerary post of Claims Clerk who devoted most of the time working on issues relating to the *Braer* incident. The remaining 25% of these costs have been debited to the General Fund.

III Excess of income over expenditure

There was a surplus of £13,630,812 during the financial period ended 1996. This was reduced by the deficit of £7,794,155 accrued from loans taken from *Haven* Major Claims Fund up to

31 December 1995. A net surplus of £5,836,657 was recorded for the financial period ended 31 December 1996.

2.8 Income and Expenditure Account in respect of the Major Claims Fund *Taiko Maru* for the Financial Period 1 January - 31 December 1996 (Statement VIII)

I Income

(a) Contributions

Total contributions receivable amounted to £5,707, being adjustment to prior years' assessment (see Note 3 to the Financial Statements).

(b) Miscellaneous

The miscellaneous income consists of an amount of £2,526, representing interest on overdue contributions, and an amount of £195,612 realised from the investment of monies received in respect of this Major Claims Fund.

II Expenditure

No expenditure was incurred during 1996.

III Excess of income over expenditure

There was a surplus of £203,845 during the financial period 1996. This was added to the balance of £3,395,410 brought forward from the previous financial period, resulting in a balance of £3,599,255 at 31 December 1996.

2.9 Income and Expenditure Account in respect of the Major Claims Fund *Keumdong N°5* for the Financial Period 1 January - 31 December 1996 (Statement IX)

I Income

(a) Contributions

At its 18th session, the Assembly decided not to make any levy in the form of 1995 annual contributions to the *Keumdong N°5* Major Claims Fund (document FUND/A.18/26, paragraph 18.10).

The figure of £8,576 represents an adjustment to the annual contributions to this Major Claims Fund (see Note 3 to the Financial Statements).

(b) Miscellaneous

The miscellaneous income consists of an amount of £13,252, representing interest on overdue contributions, and an amount of £493,479 realised from the investment of monies received in respect of this Major Claims Fund.

II Expenditure

The figure of £5,773,322 represents compensation payments of £5,639,236, fees of £133,907 and miscellaneous expenses of £179.

III Excess of income over expenditure

There was a deficit of £5,258,015 during the financial period 1996. This was deducted from the balance of £11,957,808 brought forward from the previous financial period, resulting in a balance of £6,699,793 at 31 December 1996.

2.10 Income and Expenditure Account in respect of the Major Claims Fund *Toyotaka Maru* for the Financial Period 1 January - 31 December 1996 (Statement X)

I Income

(a) Contributions

There was no levy of 1995 annual contributions to the *Toyotaka Maru* Major Claims Fund. The figure of £3,480 represents an adjustment to the annual contributions to this Major Claims Fund (see Note 3 to the Financial Statements).

(b) Miscellaneous

The miscellaneous income consists of an amount of £9,771, representing interest on overdue contributions, and an amount of £258,558 realised from the investment of monies received in respect of this Major Claims Fund.

II Expenditure

The figure of £141,523 represents compensation payments of £125,189, fees of £16,242 and miscellaneous expenses of £92.

III Excess of income over expenditure

There was a surplus of £130,286 during the financial period 1996. This was added to the balance of £4,651,365 brought forward from the previous financial period, resulting in a balance of £4,781,651 at 31 December 1996.

2.11 Income and Expenditure Account in respect of the Major Claims Fund *Sea Prince* for the Financial Period 1 January - 31 December 1996 (Statement XI)

I Income

(a) Contributions

Total contributions receivable amounted to £10,650,275

The levy of 1995 annual contributions for the *Sea Prince* Major Claims Fund fixed by the Assembly at its 18th session was £11 million (document FUND/A.18/26, paragraph 18.4(b)). However, since some Member States had not submitted their reports on contributing oil receipts for 1994 (the calendar year before the incident), the amount actually levied during the financial period was £10,650,275. Further invoices will be issued as the remaining oil reports are submitted.

(b) Miscellaneous

The miscellaneous income consists of an amount of £21,433, representing interest on overdue contributions, and an amount of £502,481 realised from the investment of monies received in respect of this Major Claims Fund.

II Expenditure

The figure of £1,333,165 represents payment of compensation of £1,318,262, fees of £14,824 and miscellaneous expenses of £79.

III Excess of income over expenditure

There was a surplus of £9,841,024 during the financial period 1996.

2.12 Income and Expenditure Account in respect of the Major Claims Fund Yeo Myung for the Financial Period 1 January - 31 December 1996 (Statement XII)

I Income

(a) Contributions

Total contributions receivable amounted to £1,936,414.

The levy of 1995 annual contributions for the *Yeo Myung* Major Claims Fund fixed by the Assembly at its 18th session was £2 million (document FUND/A.18/26, paragraph 18.4(b)). However, since some Member States had not submitted their reports on contributing oil receipts for 1994 (the calendar year before the incident), the amount actually levied during the financial period was £1,936,414. Further invoices will be issued as the remaining oil reports are submitted.

(b) Miscellaneous

The miscellaneous income consists of an amount of £3,897, representing interest on overdue contributions, and of an amount of £97,109 realised from the investment of monies received in respect of this Major Claims Fund.

II Expenditure

No expenditure was incurred in 1996 from this Major Claims Fund as expenditure up to the first 1 million SDR (£963,298) is payable by the General Fund in accordance with Financial Regulation 7.1c(i).

III Excess of income over expenditure

There was a surplus of £2,037,420 during the financial period 1996.

2.13 Income and Expenditure Account in respect of the Major Claims Fund Yuil N°1 for the Financial Period 1 January - 31 December 1996 (Statement XIII)

I Income

(a) Contributions

Total contributions receivable amounted to £6,777,448.

The levy of 1995 annual contributions for the *Yuil N°1* Major Claims Fund fixed by the Assembly at its 18th session was £7 million (document FUND/A.18/26, paragraph 18.4 (b)). However, since some Member States had not submitted their reports on contributing oil receipts for 1994 (the calendar year before the incident), the amount actually levied during the financial period was £6,777,448. Further invoices will be issued as the remaining oil reports are submitted.

(b) Miscellaneous

The miscellaneous income consists of an amount of £13,639, representing interest on overdue contributions.

II Expenditure

The figure of £6,280,900 represents compensation payments of £5,959,273, fees of £313,035, interest of £8,306 on a loan from the General Fund and miscellaneous expenses of £286.

III Excess of income over expenditure

There was a surplus of £510,187 during the financial period 1996. This was reduced by the deficit of £402,929 accrued from a loan from the General Fund up to 31 December 1995. A net surplus of £107,258 was recorded for the financial period ended 31 December 1996.

2.14 Income and Expenditure Account in respect of the Major Claims Fund *Senyo Maru* for the Financial Period 1 January - 31 December 1996 (Statement XIV)

I Income

(a) Contributions

Total contributions receivable amounted to £2,904,620.

The levy of 1995 annual contributions for the *Senyo Maru* Major Claims Fund fixed by the Assembly at its 18th session was £3 million (document FUND/A.18/26, paragraph 18.4(c)). However, since some Member States had not submitted their reports on contributing oil receipts for 1994 (the calendar year before the incident), the amount actually levied during the financial period was £2,904,620. Further invoices will be issued as the remaining oil reports are submitted.

(b) Miscellaneous

The miscellaneous income consists of an amount of £4,728, representing interest on overdue contributions, and an amount of £87,583 realised from the investment of monies received in respect of this Major Claims Fund.

II Expenditure

The figure of £1,563,746 represents compensation payments of £1,450,409 in excess of 1 million SDR (£959,421), the amount to be borne by the General Fund, fees of £111,016, travel of £904 and miscellaneous expenses of £1,417.

III Excess of income over expenditure

There was a surplus of £1,433,185 during the financial period 1996.

2.15 Provident Fund Account for the Financial Period 1 January - 31 December 1996 (Statement XV)

I During the financial period 1996 the total contributions to the Provident Fund, in accordance with Staff Regulation 23(b) and Staff Rule VIII.5, amounted to £149,093 of which £49,698 was the participants' share. Interest earned on the total Provident Fund was £60,955.

II After the withdrawal of £10,000 by a staff member under the housing loan scheme, there remained a balance of £1,005,794 on the accounts of staff members as at 31 December 1996.

2.16 Balance Sheet as at 31 December 1996 (Statement XVI)

I Cash at banks and in hand

The figure of £115,793,967 is made up of the following balances:

	£
General Fund	17,637,144
Staff Provident Fund	1,005,794
Contributors' Account	532,865
Major Claims Fund <i>Braer</i>	5,737,873
Major Claims Fund <i>Sea Prince</i>	9,767,058
Major Claims Fund <i>Senyo Maru</i>	1,413,013
Major Claims Fund <i>Yeo Myung</i>	2,023,972
Major Claims Fund <i>Haven</i>	27,625,859
Major Claims Fund <i>Aegean Sea</i>	35,059,101
Major Claims Fund <i>Taiko Maru</i>	3,588,619
Major Claims Fund <i>Keumdong N°5</i>	6,656,738
Major Claims Fund <i>Toyotaka Maru</i>	<u>4,745,931</u>
	<u>115,793,967</u>

As for the distribution of the aggregate balance between various financial institutions reference is made to Note 18 to the Financial Statements.

II Contributions outstanding

The amount of £1,354,808 represents the outstanding balances of contributions levied from 1991 to 1995 plus initial contribution, as summarised in Schedule I.

III Due from the 1992 Fund

The figure of £237,898 represents a loan taken by the 1992 Fund from the 1971 General Fund. This amount will be reimbursed to the 1971 Fund when contributions to the 1992 Fund are received in 1997.

IV Due from Major Claims Fund *Vistabella*

The figure of £347,808 represents a total loan of £300,353 taken by the *Vistabella* Major Claims Fund from the General Fund for the period 1994-1996, pending the receipt of contributions in respect of this Major Claims Fund, plus interest of £28,837 for 1994/1995 and £18,618 in 1996. This amount will be reimbursed to the General Fund from the *Vistabella* Major Claims Fund when contributions to that Major Claims Fund are received.

In the context of a consolidated Balance Sheet, the amount of £347,808, which represents a balance due from the *Vistabella* Major Claims Fund 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 on the General Fund account.

V Due from Major Claims Fund *Sea Empress*

The figure of £58,257 represents a total loan of £58,144 taken in January 1996 by the *Sea Empress* Major Claims Fund from the General Fund, pending the receipt of contributions in respect of

this Major Claims Fund, plus interest of £113. This amount will be reimbursed to the General Fund from the *Sea Empress* Major Claims Fund on receipt of contributions on 1 February 1997.

In the context of a consolidated Balance Sheet, the amount of £58,257, which represents the balance due from the *Sea Empress* Major Claims Fund 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 on the General Fund account.

VI TAX recoverable

The amount of £77,257 represents VAT of £76,129 for the fourth quarter of 1996 and Insurance Premium Tax of £1,128 to be refunded by the United Kingdom Government.

VII Miscellaneous receivable

The amount of £11,710, as itemised in Note 20 to the Financial Statements, will be duly reimbursed.

VIII Interest on overdue contributions

The amount of £25,342 represents interest outstanding on only that portion of the overdue annual contributions paid by 31 December 1996 (cf Note 1 to the Financial Statements, Significant Accounting Policies, item (f)).

IX Due to Staff Provident Fund

The amount of £1,005,794 is the balance on the Staff Provident Fund Account after the addition of interest earned and the withdrawal by one staff member of funds under the housing loan scheme.

X Accounts payable

The amount of £31,987 was paid out in the first quarter of 1996.

XI Unliquidated obligations

The amount of £135,327 represents 1995 and 1996 expenditure outstanding at 31 December 1996 (cf Note 1 to the Financial Statements, Significant Accounting Policies, item (e)).

XII Prepaid contributions

The amount of £374,897 represents 1996 annual contributions which were received in 1996 (ie before the due date of 1 February 1997).

XIII Contributors' Account

There is an amount of £532,865 due to contributors who have elected to leave with the 1971 Fund amounts relating to reimbursements or overpayments. This amount will be set off against future annual contributions.

XIV Due to Major Claims Fund Haven

The amount of £28,007,983 represents the balance arising from the first and second levies of annual contributions towards the *Haven* Major Claims Fund (Statement V).

XV Due to Major Claims Fund *Aegean Sea*

The amount of £35,395,634 represents the balance arising from the first and second levies of annual contributions towards the *Aegean Sea* Major Claims Fund (Statement VI).

XVI Due to Major Claims Fund *Braer*

The amount of £5,836,657 represents the balance arising from the first and second levies of annual contributions towards the *Braer* Major Claims Fund (Statement VII). The balance is net of the loan repaid to the *Haven* Major Claims Fund.

XVII Due to Major Claims Fund *Taiko Maru*

There is a balance of £3,599,255 on the *Taiko Maru* Major Claims Fund (Statement VIII).

XVIII Due to Major Claims Fund *Keumdong N°5*

The amount of £6,699,793 represents the balance arising from the first and second levies to the *Keumdong N°5* Major Claims Fund (Statement IX).

XIX Due to Major Claims Fund *Toyotaka Maru*

There is a balance of £4,781,651 on the *Toyotaka Maru* Major Claims Fund (Statement X).

XX Due to Major Claims Fund *Sea Prince*

There is a balance of £9,841,024 on the *Sea Prince* Major Claims Fund (Statement XI).

XXI Due to Major Claims Fund *Yeo Myung*

There is a balance of £2,037,420 on the *Yeo Myung* Major Claims Fund (Statement XII).

XXII Due to Major Claims Fund *Yuil N°1*

There is a balance of £107,258 on the *Yuil No 1* Major Claims Fund (Statement XIII).

XXIII Due to Major Claims Fund *Senyo Maru*

There is a balance of £1,433,185 on the *Senyo Maru* Major Claims Fund (Statement XIV).

XXIV General Fund Balance

The figure of £18,086,317 represents the excess of Income over Expenditure in respect of the General Fund over the years.

2.17 Cash Flow Statement for the Financial Period 1 January - 31 December 1996 (Statement XVII)**I Operating activities**

During the period ended 31 December 1996 a total amount of £43,868,271 was generated in cash and a total amount of £25,808,259 expended in the operation of the 1971 Fund. This resulted in a net cash figure of £18,060,012.

The net current liabilities increased by £207,711 during 1996, as follows:

	£	£
Accounts payable in 1996 for the 1995 period		19,612
Contributions received in 1995 for the 1996 period		<u>179,561</u>
Net current liabilities as at 1 January 1996	199,173	
Accounts payable in 1997 for the 1996 period	31,987	
Contributions received in 1996 for the 1997 period	<u>374,897</u>	
Net current liabilities as at 31 December 1996		<u>406,884</u>
Increase in net current liabilities in 1996		<u>207,711</u>

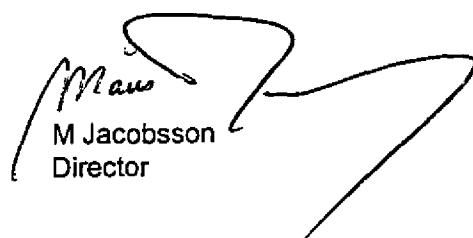
After increasing the net cash figure of £18,060,012 by the figure of £207,711 relating to the increase in net current liabilities, there was a net cash inflow of £18,267,723 from the 1971 Fund's operating activities.

II Returns on investments

There was a net cash inflow of £6,509,549 generated from interest received on the 1971 Fund's portfolio of investments (see Note 10 to the Financial Statements). There was a return of £19,772 on the investment of Contributors' Account which is included in the "Interest on investment".

III Cash balance

During the year there was a net cash inflow of £24,777,272 from various transactions. This was added to the balance of £91,016,695 brought forward from the 1995 financial period, resulting in a cash balance of £115,793,967 at 31 December 1996.


M Jacobsson
Director

ANNEX II

**REPORT OF THE EXTERNAL AUDITOR
ON THE FINANCIAL STATEMENTS OF THE
INTERNATIONAL OIL POLLUTION COMPENSATION
FUND 1971
FOR THE FINANCIAL PERIOD
1 JANUARY TO 31 DECEMBER 1996**

INTRODUCTION

Scope of the Audit

1. I have audited the financial statements of the International Oil Pollution Compensation Fund 1971 ("the 1971 Fund") for the eighteenth financial period ended 31 December 1996. My examination was carried out with due regard to the provisions of the 1971 Fund Convention and to the Financial Regulations.

Audit Objective

2. The main objective of the audit was to enable me to form an opinion as to whether the income and expenditure recorded against both the General and Major Claims Funds in 1996 had been received and incurred for the purposes approved by the Assembly; whether income and expenditure were properly classified and recorded in accordance with the 1971 Fund's Financial Regulations; and whether the financial statements presented fairly the financial position as at 31 December 1996.

Auditing Standards

3. My audit was carried out 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. These standards require me to plan and carry out the audit so as to obtain reasonable assurance that the 1971 Fund's financial statements are free of material misstatement. The 1971 Fund's Secretariat were responsible for preparing these financial statements, and I am responsible for expressing an opinion on them, based on evidence gathered in my audit.

Audit Approach

4. In accordance with the Common Auditing Standards, my audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. This included:

- a general review of the 1971 Fund's accounting procedures;
- a broad assessment of the internal controls for income and expenditure; cash management; accounts receivable and payable; and supplies and equipment;
- substantive testing of transactions, including those in respect of contributions and claims, across all funds; and
- substantive testing of year end balances.

Reporting

5. During the audit, my staff sought such explanations from the 1971 Fund's Secretariat as they considered necessary on matters arising from their examination of internal controls, accounting records and financial statements. My observations on those matters arising from the audit which I consider should be brought to the attention of the Assembly are set out in the paragraphs below.

Overall Results

6. My examination revealed no weaknesses or errors considered material to the accuracy, completeness and validity of the financial statements as a whole. Subject to continuing uncertainty surrounding the outcome of the court action on the Haven incident (paragraphs 13 to 20 below), I confirm that, in my opinion, the financial statements present fairly the financial position as at 31 December 1996.

7. The findings of my audit are set out in paragraphs 8 to 27 below.

FINDINGS

Financial Matters

Budgetary Outturn and Transfers

8. Statement I to the financial statements shows that obligations incurred in the period ended 31 December 1996 totalled £1,147,086 this being £288,844 within the budget of £1,435,930. Total

obligations were apportioned between the 1971 Fund and the 1992 Fund in accordance with the decisions of both Assemblies. Accordingly, £171,133 was charged to the 1992 Fund, to be repaid to the 1971 Fund in 1997.

9. During 1996, the Director made transfers of appropriations within chapters of the budget in accordance with Financial Regulation 6.3. The Director has reported on these transfers in his comments which accompany the audited financial statements.

Contributions

10. The 1971 Fund received a total of £41,764,651 in assessed annual contributions for the General Fund and Major Claims Funds in 1996, representing an average collection rate of 99 per cent. In 1996, the 1971 Fund also received £15,535 of initial contributions and £1,240,358 of annual contributions due from previous periods and £374,897 in contributions for the 1997 period. Outstanding initial and annual contributions for 1995 and previous financial periods amount to £1,354,808. Of this, some £394,205 or 29 per cent, relates to amounts outstanding from the former USSR and the former Yugoslavia. In addition, one contributor has gone bankrupt owing £150,222 or 11 per cent of the total amount outstanding. The 1971 Fund has registered a claim in the bankruptcy proceedings for the amount due.

11. In my previous Reports, I have mentioned the Assembly's concerns on the timely submission of reports on contributing oil receipts to ensure the system of levying contributions functions in an equitable manner. For this year, I note that the situation has not significantly improved. As at 31 December 1996, a total of 18 (1995: 20) Member States had not submitted reports on contributing oil receipts for the years 1993 and earlier (1995: for 1992 and earlier). As a result the 1971 Fund was unable to calculate a total of 133 (1995: 124) annual assessments for the General Fund and relevant Major Claims Funds. However, it should be noted that, in respect of many of these Member States, the reports would indicate that no contributing oil - or only a small quantity - had been received in that State.

Contingent Liabilities

General

12. The 1971 Fund's contingent liabilities are disclosed in Schedule III to the financial statements and mostly relate to compensation claims for oil pollution damage. Under the 1971 Fund Convention, those liabilities which mature will be met by contributions assessed by the Assembly.

Haven Incident

13. As disclosed in Schedule III to the financial statements, the 1971 Fund has assessed contingent liabilities of £276,846,632 as at 31 December 1996, compared with £368,097,764 in 1995. Within this total, £32,920,642 relates to the Haven incident, representing the 1971 Fund's view of the maximum

compensation of £39,447,590 (60 million Special Drawing Rights) payable under the 1971 Fund Convention, less amounts paid in 1996 of £2,048,108, less the shipowner's limitation amount of £9,204,440, plus indemnification of £3,725,600 and fees of £1,000,000.

14. At 31 December 1996, claims submitted to the 1971 Fund for compensation for oil pollution damage resulting from the Haven incident totalled approximately £643 million. In addition, there were non-quantified claims relating to damage to the marine environment. The Italian courts in Genoa dealing with the claims have been called upon to rule on the extent of the 1971 Fund's liability under the 1971 Convention.

15. On 14 March 1992, the judge in the Court of first instance in Genoa, who is in charge of the limitation proceedings, rendered a decision which indicated that the 1971 Fund would face a potential maximum liability of LIt 771,397,947,400 (approximately £296 million). This compared with the 1971 Fund's assessment of LIt 102,643,800,000 (60 million Special Drawing Rights, approximately £39 million), being the maximum amount available under the 1969 Civil Liability and 1971 Fund Conventions.

16. The 1971 Fund lodged opposition to the judge's decision of 14 March 1992. On 26 July 1993, the Italian Court of first instance in Genoa rendered its judgement in respect of the 1971 Fund's opposition in which it upheld the judge's decision of 14 March 1992. The 1971 Fund appealed against this judgement.

17. In a judgement rendered on 30 March 1996, the Court of Appeal in Genoa confirmed the judgement of the Court of first instance. In April 1996, the Executive Committee instructed the Director to take the necessary steps to appeal to the Supreme Court of Cassation. An appeal was lodged in January 1997.

18. In April 1996, the judge in the Court of first instance in Genoa in charge of the limitation proceedings rendered a decision in which he determined the admissible claims for compensation. These amounted to Lit 186,455,432,828 (£72 million) plus interest and compensation for devaluation. The 1971 Fund has lodged opposition to a number of these claims.

19. In June 1995 and again in October 1996, the 1971 Fund Assembly instructed the Director to explore the possibility of arriving at a global settlement which fell within the maximum amount of compensation available. So far no global settlement has been reached.

20. As explained in my previous Reports, because of the uncertainty surrounding the outcome of these legal proceedings, I have qualified my audit opinion on the 1971 Fund's financial statements in respect of the contingent liability for the Haven incident.

Financial Control Matters

The Accounting Systems

21. During the 1996 audit, my staff carried out a review of the accounting systems to the extent considered necessary for the purpose of forming an opinion on the financial statements. As a result of their examination, my staff concluded that proper books of account had been maintained and that the accounting records were, in all significant respects, sufficient to form the basis of the 1996 financial statements.

Control of Supplies and Equipment

22. In accordance with the 1971 Fund's stated accounting policies, purchases of equipment, furniture, office machines, supplies and library books are not included in the 1971 Fund's balance sheet. Note 18 (b) to the financial statements shows that the value of these assets held by the 1971 Fund as at 31 December 1996 amounted to £160,756.

23. My staff carried out a test examination of the 1971 Fund's records of supplies and equipment under Financial Regulation 13.16 (d). As a result of this examination, I am satisfied that the supplies and equipment records as at 31 December 1996 properly reflect the assets held by the 1971 Fund. No losses were reported by the 1971 Fund during the year.

Common Accounting Standards

24. In 1995, I reported that the United Nations Consultative Committee on Administrative Questions (Finance and Budgetary Questions) had approved revised standards which incorporate common formats

and guidelines for financial statements subject to audit. These changes are directly applicable to the form of financial statements produced within the United Nations System.

25. The 1971 Fund has in the past sought to conform with the common accounting standards introduced by the Consultative Committee, including the introduction of a consolidated cash flow statement.

However, in consultation with my staff, the Director has taken the view that, given the unique nature of the 1971 Fund, it would not be appropriate for the financial statements to be re-formatted in order to meet the requirements of the revised standards.

Other Matters

Recovery of VAT

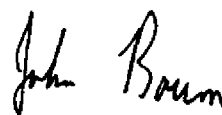
26. As I noted in my Report on the 1971 Fund's 1995 financial statements, a number of invoices received from Italian law firms, dating back to 1991, have been paid inclusive of Italian value added tax. The Italian authorities have agreed in principle that some £368,000 of value added tax should be repaid to the 1971 Fund. Although the financial statements do not record the amount due for repayment, and to date no money has been repaid, the 1971 Fund expects to receive a full refund.

Amounts Written Off and Fraud

27. The Secretariat have informed me that there were no amounts written off, or cases of fraud or presumptive fraud during the financial period.

ACKNOWLEDGEMENT

28. I wish to record my appreciation of the willing cooperation and assistance extended by the Director and his staff during the audit.



Sir John Bourn

17th July 1997

Comptroller and Auditor General, United Kingdom

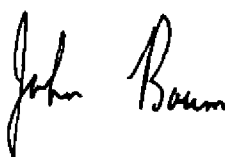
External Auditor

ANNEX III**FINANCIAL STATEMENTS OF THE INTERNATIONAL
OIL POLLUTION COMPENSATION FUND 1971 FOR
THE YEAR ENDED 31 DECEMBER 1996****OPINION OF THE EXTERNAL AUDITOR**

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

I have examined the appended financial statements, comprising Statements I to XVII, Schedules I to III and Notes, of the International Oil Pollution Compensation Fund 1971 for the year ended 31 December 1996 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.

Subject to the uncertainty of the contingent liability referred to in paragraphs 13 to 20 of my Report, as a result of my examination, I am of the opinion that the financial statements present fairly the financial position as at 31 December 1996 and the results of the year then ended; that they were prepared in accordance with the 1971 Fund's stated accounting policies which were applied on a basis consistent with that of the preceding financial year; and that the transactions were in accordance with the Financial Regulations and legislative authority.



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

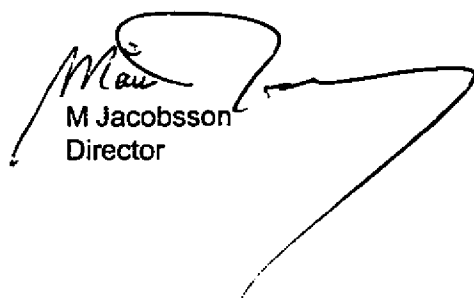
17th July 1997

ANNEX IV

**FINANCIAL STATEMENTS
OF THE INTERNATIONAL OIL
POLLUTION COMPENSATION FUND 1971
FOR THE FINANCIAL YEAR
ENDED 31 DECEMBER 1996**

CERTIFICATION OF THE FINANCIAL STATEMENTS

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



M Jacobsson
Director



S O Nte
Finance Officer

STATEMENT I
GENERAL FUND

STATEMENT OF BUDGET APPROPRIATIONS AND OBLIGATIONS INCURRED FOR THE FINANCIAL PERIOD 1 JANUARY - 31 DECEMBER 1996

CLASS OF EXPENDITURE	NOTE	BUDGET APPROPRIATIONS		REVISED BUDGET APPROPRIATIONS		OBLIGATIONS INCURRED		BALANCE OF APPROPRIATIONS		SPLIT OF OBLIGATIONS INCURRED	
		1996	1995	1996	1995	1996	1995	1996	1995	1971 Fund	1992 Fund
SECRETARIAT		£	£	£	£	£	£	£	£	£	£
I PERSONNEL											
a Salaries		530,140	462,650	530,140	462,650	512,276	419,669	17,864	42,981	436,694	75,582
b Separation and recruitment		19,430	46,850	19,430	46,850	9,822	12,160	9,608	34,690	8,373	1,449
c Staff benefits and allowances		224,050	189,390	224,050	178,978	167,053	137,899	56,997	41,079	142,406	24,647
d Home leave		5,000	10,000	5,000	13,115	2,334	13,115	2,666	-	1,990	344
		778,620	708,890	778,620	701,593	691,485	582,843	87,135	118,750	589,463	102,022
II GENERAL SERVICES											
a Rent of office accommodation		93,710	66,500	93,710	69,411	72,765	69,411	20,945	-	62,029	10,736
b Office machines	2	25,000	21,000	36,177	34,336	36,177	34,336	-	-	30,839	5,338
c Furniture and other office equipment		8,000	8,000	8,000	6,716	5,835	6,716	2,165	-	4,974	861
d Office stationery and supplies		23,000	18,000	23,000	12,326	18,775	12,326	4,225	-	16,005	2,770
e Communications		40,000	26,000	40,000	23,133	26,477	23,133	13,523	-	22,571	3,906
f Other supplies and services		25,000	25,000	25,000	23,457	18,968	23,457	6,032	-	16,170	2,798
g Hospitality		14,000	13,000	14,000	8,385	9,663	8,096	4,337	289	8,238	1,425
h Printing and publication		90,000	65,000	78,823	64,736	71,800	64,736	7,023	-	61,206	10,594
		318,710	242,500	318,710	242,500	260,460	242,211	58,250	289	222,032	38,428
III MEETINGS											
a Assembly/ Executive Committee (Autumn)	2	21,075	17,640	22,589	21,147	22,589	21,147	-	-	18,070	4,519
b Further Meetings Executive Committee		31,720	19,910	30,206	21,960	18,701	21,960	11,505	-	18,701	-
c Inter-Sessional Working Group		7,930	6,640	7,930	1,083	-	-	7,930	1,083	-	-
d 1992 Fund Assembly / Extraordinary 1971 Fund Assembly		21,075	-	21,075	-	9,829	-	11,246	-	4,915	4,914
		81,800	44,190	81,800	44,190	51,119	43,107	30,681	1,083	41,686	9,433
IV CONFERENCES AND TRAVEL											
a Conferences and seminars		20,000	20,000	20,000	20,000	12,173	14,326	7,827	5,674	10,377	1,796
b Mission		20,000	20,000	20,000	20,000	11,601	1,437	8,399	18,563	9,889	1,712
		40,000	40,000	40,000	40,000	23,774	15,763	16,226	24,237	20,266	3,608
V MISCELLANEOUS EXPENDITURE											
a External audit		18,500	18,000	18,500	17,400	18,000	17,400	500	-	15,344	2,656
b Payment to IMO for general services		5,300	5,300	5,300	5,300	5,300	5,300	-	-	4,518	782
c Consultants' fees		80,000	50,000	78,227	57,885	32,175	57,885	46,052	-	27,428	4,747
d Payment to IMO for translator	2	45,000	42,000	46,773	42,012	46,773	42,012	-	-	39,872	6,901
e Investment Advisory Body		18,000	12,000	18,000	12,000	18,000	12,000	-	-	15,344	2,656
		166,800	127,300	166,800	134,597	120,248	134,597	46,552	-	102,606	17,742
VI UNFORESEEN EXPENDITURE		50,000	50,000	50,000	50,000	-	6,281	50,000	43,719	-	-
TOTAL EXPENDITURE (I + VI)		1,435,930	1,212,880	1,435,930	1,212,880	1,147,086	1,024,802	288,844	188,078	975,953	171,133

Note This statement deals only with administrative expenditure. Expenditure in respect of claims is dealt with in Statement II for the General Fund and in statements V, VI, VII, IX, X, XI, XIII and XIV for the Major Claims Funds *Haven*, *Aegean Sea*, *Braer*, *Keumdong N°5*, *Toyotaka Maru*, *Sea Prince*, *Yuil N°1* and *Senyo Maru*, respectively.

STATEMENT II**GENERAL FUND**

**INCOME AND EXPENDITURE ACCOUNT FOR THE
FINANCIAL PERIOD 1 JANUARY - 31 DECEMBER 1996**

	Note	1996		1995	
INCOME		£	£	£	£
Contributions (Schedule I)					
Initial contributions			1,162		125,660
Annual contributions			5,808,890		5,935,049
Adjustment to prior years' assessment	3		7,212		14,223
			5,817,264		6,074,932
Miscellaneous					
Miscellaneous income	4	248,545		347,871	
Income from 1992 Fund	5	68,117		-	
Transfer from MCF <i>Kasuga Maru N°1</i>		29,744		-	
Transfer from MCF <i>Rio Orinoco</i>		83,017		-	
Interest on loan to MCF <i>Vistabella</i>	6	18,618		20,247	
Interest on loan to MCF <i>Agip Abruzzo</i>		-		4,605	
Interest on loan to MCF <i>Yuil N°1</i>	7	8,306		642	
Interest on loan to MCF <i>Sea Empress</i>	8	113		-	
Interest on overdue contributions	9	28,710		9,608	
Interest on investments	10	1,070,460		1,038,619	
			1,555,630		1,421,592
			7,372,894		7,496,524
EXPENDITURE					
Secretariat expenses (Statement I)					
Obligations incurred	11		975,953		1,024,802
Claims (Schedule II)					
Compensation			1,977,901		2,487,962
Claims related expenses (Schedule II)					
Fees		1,492,239		443,741	
Travel		1,769		6,585	
Miscellaneous		6,808		515	
			1,500,816		450,841
			4,454,670		3,963,605
Income less expenditure			2,918,224		3,532,919
Exchange adjustment	12		(44,026)		30,414
			2,874,198		3,563,333
Transfer from MCF <i>Agip Abruzzo</i>	13		(176,662)		
Excess of income over expenditure			2,697,536		3,563,333

STATEMENT III**MAJOR CLAIMS FUND - Kasuga Maru N° 1****INCOME AND EXPENDITURE ACCOUNT FOR THE
FINANCIAL PERIOD 1 JANUARY - 31 DECEMBER 1996**

	Note	1996		1995	
INCOME		£	£	£	£
Interest on overdue contributions		-		-	
Interest on investments		-		26,385	
			-		26,385
EXPENDITURE (Schedule II)					
Compensation		-		-	
Fees		-		-	
Travel		-		-	
Miscellaneous		-		-	
			-		-
Excess of income over expenditure					26,385
Balance b/f: 1 January			389,734		363,349
Credit to Contributor's Account		359,990		-	
Transfer to General Fund		29,744		-	
			389,734		-
Balance as at 31 December			NIL		389,734

STATEMENT IV

MAJOR CLAIMS FUND - *Rio Orinoco*

**INCOME AND EXPENDITURE ACCOUNT FOR THE
FINANCIAL PERIOD 1 JANUARY - 31 DECEMBER 1996**

	Note	1996		1995	
INCOME		£	£	£	£
Contributions (Schedule I)					
Adjustment to prior years' assessment		-		(11,266)	
			-		(11,266)
Miscellaneous					
Interest on overdue contributions		-		7,566	
Interest on investments		-		94,180	
			-	101,746	101,746
					90,480
EXPENDITURE (Schedule II)					
Compensation		-		-	
Fees		-		15,554	
Travel		-		-	
Miscellaneous		-		125	
			-		15,679
Excess of income over expenditure					74,801
Balance b/f: 1 January			1,363,008		1,288,207
Credit to Contributor's Account		1,279,991		-	
Transfer to General Fund		83,017		-	
			1,363,008		-
Balance as at 31 December			NIL		1,363,008

STATEMENT V**MAJOR CLAIMS FUND - Haven****INCOME AND EXPENDITURE ACCOUNT FOR THE
FINANCIAL PERIOD 1 JANUARY - 31 DECEMBER 1996**

	Note	1996		1995	
INCOME		£	£	£	£
Contributions (Schedule I)					
Annual contributions (second levy)		-		-	
Annual contributions (first levy)		-		-	
Adjustment to prior years' assessment	3	921		(49,156)	
			921		(49,156)
Miscellaneous					
Interest on overdue contributions		-		18,651	
Interest on investments	10	1,523,134		1,618,858	
Interest on loans to MCF Braer	14	41,850		327,416	
			1,564,984		1,964,925
			1,565,905		1,915,769
EXPENDITURE (Schedule II)					
Compensation		2,048,108		-	
Fees		662,958		766,379	
Travel		2,160		11,358	
Miscellaneous		1,126		249	
			2,714,352		777,986
Excess/(shortfall) of income over expenditure			(1,148,447)		1,137,783
Balance b/f: 1 January			29,156,430		28,018,647
Balance as at 31 December			28,007,983		29,156,430

STATEMENT VI

MAJOR CLAIMS FUND - Aegean Sea

**INCOME AND EXPENDITURE ACCOUNT FOR THE
FINANCIAL PERIOD 1 JANUARY - 31 DECEMBER 1996**

Note		1996		1995	
INCOME		£	£	£	£
Contributions (Schedule I)					
Annual contributions (second levy)		-		14,971,787	
Annual contributions (first levy)		-		-	
Adjustment to prior years' assessment	3	676,876		534	
			676,876		14,972,321
Miscellaneous					
Interest on overdue contributions	9	25,122		3,692	
Interest on investments	10	1,914,053		2,244,463	
			1,939,175		2,248,155
			2,616,051		17,220,476
EXPENDITURE (Schedule II)					
Compensation		356,613		2,028,253	
Fees		698,706		524,630	
Travel		6,245		3,994	
Miscellaneous		1,304		13,190	
			1,062,868		2,570,067
Excess of income over expenditure			1,553,183		14,650,409
Balance b/f: 1 January			33,842,451		19,192,042
Balance as at 31 December			35,395,634		33,842,451

STATEMENT VII

MAJOR CLAIMS FUND - Braer

**INCOME AND EXPENDITURE ACCOUNT FOR THE
FINANCIAL PERIOD 1 JANUARY - 31 DECEMBER 1996**

	Note	1996		1995	
INCOME		£	£	£	£
Contributions (Schedule I)					
Annual contributions (second levy)		13,940,004		-	
Annual contributions (first levy)		-		-	
Adjustment to prior years' assessment	3	21,919		(56,888)	
			13,961,923		(56,888)
Miscellaneous					
Interest on overdue contributions	9	22,275		1,539	
Interest on investments	10	286,353		-	
			308,628		1,539
			14,270,551		(55,349)
EXPENDITURE (Schedule II)					
Compensation		(1,454)		6,461,809	
Fees		570,150		625,796	
Travel		14,495		5,022	
Interest on loan from MCF Haven	14	41,850		327,416	
Miscellaneous		14,698		2,665	
			639,739		7,422,708
Excess/(Shortfall) of income over expenditure			13,630,812		(7,478,057)
Amount due to MCF Haven			(7,794,155)		(316,098)
Balance as at 31 December			5,836,657		(7,794,155)

STATEMENT VIII

MAJOR CLAIMS FUND - *Taiko Maru*

**INCOME AND EXPENDITURE ACCOUNT FOR THE
FINANCIAL PERIOD 1 JANUARY - 31 DECEMBER 1996**

	Note	1996		1995	
INCOME		£	£	£	£
Contributions (Schedule I)					
Annual contributions		-		-	
Adjustment to prior years' assessment	3	5,707		45,285	
			5,707		45,285
Miscellaneous					
Interest on overdue contributions	9	2,526		1,751	
Interest on investments	10	195,612		230,120	
			198,138		231,871
			203,845		277,156
EXPENDITURE (Schedule II)					
Compensation		-		46,713	
Fees		-		21,425	
Miscellaneous		-		1,766	
			-		69,904
Excess of income over expenditure			203,845		207,252
Balance b/f: 1 January			3,395,410		3,188,158
Balance as at 31 December			3,599,255		3,395,410

STATEMENT IX**MAJOR CLAIMS FUND - Keumdong No 5****INCOME AND EXPENDITURE ACCOUNT FOR THE
FINANCIAL PERIOD 1 JANUARY - 31 DECEMBER 1996**

	Note	1996		1995	
INCOME		£	£	£	£
Contributions (Schedule I)					
Annual contributions (second levy)		-		9,926,332	
Annual contributions (first levy)		-		-	
Adjustment to prior years' assessment	3	8,576		22,642	
			8,576		9,948,974
Miscellaneous					
Interest on overdue contributions	9	13,252		4,346	
Interest on investments	10	493,479		761,991	
			506,731		766,337
			515,307		10,715,311
EXPENDITURE (Schedule II)					
Compensation		5,639,236		-	
Fees		133,907		208,789	
Miscellaneous		179		350	
			5,773,322		209,139
Excess/(shortfall) of income over expenditure			(5,258,015)		10,506,172
Balance b/f: 1 January			11,957,808		1,451,636
Balance as at 31 December			6,699,793		11,957,808

STATEMENT X**MAJOR CLAIMS FUND - Toyotaka Maru****INCOME AND EXPENDITURE ACCOUNT FOR THE
FINANCIAL PERIOD 1 JANUARY - 31 DECEMBER 1996**

	Note	1996		1995	
INCOME		£	£	£	£
Contributions (Schedule I)					
Annual contributions		-		8,907,469	
Adjustment to prior years' assessment	3	3,480		-	
			3,480		8,907,469
Miscellaneous					
Interest on overdue contributions	9	9,771		3,021	
Interest on investments	10	258,558		385,941	
			268,329		388,962
			271,809		9,296,431
EXPENDITURE (Schedule II)					
Compensation		125,189		4,280,631	
Fees		16,242		354,363	
Travel		-		7,260	
Miscellaneous		92		2,812	
			141,523		4,645,066
Excess of income over expenditure			130,286		
Balance b/f: 1 January			4,651,365		
Balance as at 31 December			4,781,651		4,651,365

STATEMENT XI**MAJOR CLAIMS FUND - *Sea Prince***INCOME AND EXPENDITURE ACCOUNT FOR THE
FINANCIAL PERIOD 1 JANUARY - 31 DECEMBER 1996

	Note	1996	
INCOME		£	£
Contributions (Schedule I)			
Annual contributions		10,650,275	
			10,650,275
Miscellaneous			
Interest on overdue contributions	9	21,433	
Interest on investments	10	502,481	
			523,914
			11,174,189
EXPENDITURE (Schedule II)			
Compensation		1,318,262	
Fees		14,824	
Miscellaneous		79	
			1,333,165
Balance as at 31 December			9,841,024

STATEMENT XII**MAJOR CLAIMS FUND - Yeo Myung****INCOME AND EXPENDITURE ACCOUNT FOR THE
FINANCIAL PERIOD 1 JANUARY - 31 DECEMBER 1996**

	Note	1996	
INCOME		£	£
Contributions (Schedule I)			
Annual contributions		1,936,414	
			1,936,414
Miscellaneous			
Interest on overdue contributions	9	3,897	
Interest on investments	10	97,109	
			101,006
			2,037,420
EXPENDITURE (Schedule II)			
Compensation		-	
Fees		-	
Miscellaneous		-	
			-
Balance as at 31 December			2,037,420

STATEMENT XIII**MAJOR CLAIMS FUND - Yuil N°1**INCOME AND EXPENDITURE ACCOUNT FOR THE
FINANCIAL PERIOD 1 JANUARY - 31 DECEMBER 1996

	Note	1996	
INCOME		£	£
Contributions (Schedule I)			
Annual contributions		6,777,448	
			6,777,448
Miscellaneous			
Interest on overdue contributions	9	13,639	
			13,639
			6,791,087
EXPENDITURE (Schedule II)			
Compensation		5,959,273	
Fees		313,035	
Interest on loan from the General Fund	7	8,306	
Miscellaneous		286	
			6,280,900
Excess of income over expenditure			510,187
Amount due to General Fund			(402,929)
Balance as at 31 December			107,258

STATEMENT XIV**MAJOR CLAIMS FUND - Senyo Maru****INCOME AND EXPENDITURE ACCOUNT FOR THE
FINANCIAL PERIOD 1 JANUARY - 31 DECEMBER 1996**

	Note	1996	
INCOME		£	£
Contributions (Schedule I)			
Annual contributions		2,904,620	
			2,904,620
Miscellaneous			
Interest on overdue contributions	9	4,728	
Interest on investments	10	87,583	
			92,311
			2,996,931
EXPENDITURE (Schedule II)			
Compensation		1,450,409	
Fees		111,016	
Travel		904	
Miscellaneous		1,417	
			1,563,746
Balance as at 31 December			1,433,185

STATEMENT XV

PROVIDENT FUND

**INCOME AND EXPENDITURE ACCOUNT FOR THE
FINANCIAL PERIOD 1 JANUARY - 31 DECEMBER 1996**

	Note	1996		1995	
RECEIPTS		£	£	£	£
Balance b/f: Accounts of staff members as at 1 January			805,746		662,945
Contributions of staff members	15		49,698		39,364
Contributions of IOPC Funds	15		99,395		78,727
Interest received during period	16		60,955		56,788
			1,015,794		837,824
PAYMENTS					
Housing loans	17	10,000		-	
Withdrawal on separation		-		32,078	
			10,000		32,078
Accounts of staff members as at 31 December			1,005,794		805,746

STATEMENT XVI**BALANCE SHEET OF THE 1971 FUND AS AT 31 DECEMBER 1996**

	Note	1996	1995
ASSETS		£	£
Cash at banks and in hand	18	115,793,967	91,016,695
Contributions outstanding		1,354,808	1,631,848
Due from 1992 Fund		237,898	-
Due from MCF <i>Braer</i> to MCF <i>Haven</i>		-	7,794,155
Due from MCF <i>Vistabella</i>		347,808	328,039
Due from MCF <i>Agip Abruzzo</i>		-	176,662
Due from MCF <i>Yuil N° 1</i>		-	402,929
Due from MCF <i>Sea Empress</i>		58,257	-
Tax recoverable	19	77,257	25,977
Miscellaneous receivable	20	11,710	20,619
Interest on overdue contributions		25,342	4,386
TOTAL ASSETS		117,907,047	101,401,310
LIABILITIES			
Staff Provident Fund		1,005,794	805,746
Accounts payable	21	31,987	19,612
Unliquidated obligations	22	135,327	68,718
Prepaid contributions		374,897	179,561
Contributors' account	23	532,865	182,686
Due to MCF <i>Kasuga Maru N°1</i>		-	389,734
Due to MCF <i>Rio Orinoco</i>		-	1,363,008
Due to MCF <i>Haven</i>		28,007,983	29,156,430
Due to MCF <i>Aegean Sea</i>		35,395,634	33,842,451
Due to MCF <i>Braer</i>		5,836,657	-
Due to MCF <i>Taiko Maru</i>		3,599,255	3,395,410
Due to MCF <i>Keumdong N°5</i>		6,699,793	11,957,808
Due to MCF <i>Toyotaka Maru</i>		4,781,651	4,651,365
Due to MCF <i>Sea Prince</i>		9,841,024	-
Due to MCF <i>Yeo Myung</i>		2,037,420	-
Due to MCF <i>Yuil N°1</i>		107,258	-
Due to MCF <i>Senyo Maru</i>		1,433,185	-
TOTAL LIABILITIES		99,820,730	86,012,529
GENERAL FUND BALANCE	24	18,086,317	15,388,781
TOTAL LIABILITIES AND GENERAL FUND BALANCE		117,907,047	101,401,310

STATEMENT XVII

CASH FLOW STATEMENT OF THE 1971 FUND
FOR THE FINANCIAL PERIOD 1 JANUARY - 31 DECEMBER 1996

	1996	1996	1995	1995
	£	£	£	£
Cash as at 1 January		91,016,695		64,606,834
OPERATING ACTIVITIES				
Initial contributions	15,535		112,742	
Previous year's contributions received	41,764,651		39,093,318	
Prior years' contributions received	1,240,358		219,368	
Prepaid contributors 1992 Fund	4,225		-	
Interest received on overdue contributions	124,397		59,593	
Other sources of income	355,267		510,043	
Receipts from contributors	363,838		286,277	
Exchange adjustment	(44,026)		30,414	
Administrative expenditure (1971/1992 Funds)	(1,083,350)		(1,024,802)	
Claims expenditure	(22,997,471)		(18,901,591)	
Repayment to contributors	(1,673,412)		(242,836)	
Other cash payments	(10,000)		(103,937)	
Net cash from operating activities before net current asset changes	18,060,012		20,038,589	
Increase (Decrease) in net current liabilities	207,711		(86,073)	
Net cash flow from operating activities		18,267,723		19,952,516
RETURNS ON INVESTMENTS				
Interest on investments	6,509,549		6,457,345	
Net cash inflow from returns on investments		6,509,549		6,457,345
Cash as at 31 December		115,793,967		91,016,695

NOTES TO FINANCIAL STATEMENTS

1 Significant Accounting Policies

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

(a) Rules and procedures

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

(b) Basis of preparation

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

The financial period is the calendar year.

(c) Accounting convention

The accounts are prepared under the historical cost convention, modified to the extent that the cost of all property acquired is immediately charged as an expense, in accordance with Financial Regulation 11.4. Therefore, office machines, furniture and other supplies are not shown as assets in the Balance Sheet.

(d) Contingent liabilities

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

(e) Unliquidated obligations

Unliquidated obligations are expenditures based on firm obligations entered into but not liquidated in the financial period. In conformity with Financial Regulation 6.4, appropriations for unliquidated obligations remain available to discharge legal obligations for 24 months following the end of the financial period to which they relate.

The amounts are net of Value Added Tax.

(f) Income

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

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

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

(g) Investments

Investments of the 1971 Fund's assets include the assets of the Staff Provident Fund and Contributors' Account which are merged with the 1971 Fund's assets for investment purposes, in order to obtain the best interest rates which only the substantial amounts held by the 1971 Fund can attract.

(h) Loans between funds

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

Interest on any loan made under these provisions is calculated at the rate of interest applicable during the relevant period, based on the opportunity cost of any investment that was foregone because of the loan. Where, however, as in the case of the *Braer* Major Claims Fund in 1995, loans are taken frequently over several months, the interest is calculated at a preferential rate above the lowest London clearing bank base rate.

(i) Expenditure arising out of incidents

Expenditure arising out of incidents is charged in the year of payment. There is no specific appropriation to meet any settlement of claims. Expenses up to 1 million Special Drawing Rights (SDRs) in respect of any one incident are charged to the General Fund in accordance with Financial Regulation 7.1(c)(i), and expenses over that amount in respect of any one incident are charged to the Major Claims Fund constituted for the incident in question in accordance with Financial Regulation 7.2(d).

Incidents in respect of which the 1971 Fund will or may incur expenses are reported in Schedule III.

(j) Translation of currencies

Almost all the 1971 Fund's assets and liabilities at the end of the financial period 1996 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 1996 as published in the Financial Times. These rates are as follows:

Canadian Dollar	2.3456	=£1
Finnish Markka	7.8874	=£1
French Franc	8.8966	=£1
Greek Drachma	422.1950	=£1
Italian Lira	2,602.0300	=£1
Japanese Yen	198.6310	=£1
Moroccan Dirham	14.9825	=£1

Republic of Korea Won	1,446.9000	=£1
Spanish Peseta	222.5970	=£1
US Dollar	1.7113	=£1

2 Revised budget appropriations

Excess expenditure resulting in revised budget appropriations and met by transfers between appropriations as provided in Financial Regulation 6.3 are notified to the Assembly in the Director's Comments on Financial Statement I.

3 Adjustment to prior years' assessments

(a) General Fund

The figure of £7,212 is arrived at as follows.

Contributions levied on the basis of reports on contributing oil receipts in previous years:

Malta	1991 annual contribution -	£ 42	
	1993 annual contribution -	£4,447	
	1994 annual contribution -	<u>£2,339</u>	
			£6,828

Contributions levied on the basis of clarification received on oil receipts for previous years:

Germany	1991 annual contribution -	£185	
	1993 annual contribution -	<u>£199</u>	
			<u>£384</u>
			<u>£7,212</u>

(b) Major Claims Fund Haven

The figure of £921 represents contributions levied for 1991 and 1992 of £555 and £366, respectively, on the basis of clarification received on oil receipts in respect of Germany.

(c) Major Claims Fund Aegean Sea

The figure of £676, 876 is arrived at as follows.

Contributions levied for 1993 and 1994 on the basis of reports on contributing oil receipts in respect of Italy and Malta:

Italy	1993 annual contribution -	£374,895	
	1994 annual contribution -	<u>£281,050</u>	
			£655,945
Malta	1993 annual contribution -	£ 10,689	
	1994 annual contribution -	<u>£ 8,014</u>	
			£ 18,703

Contributions levied for 1993 and 1994 on the basis of clarification received on oil receipts in respect of Germany:

1993 annual contribution -	£1,273	
1994 annual contribution -	<u>£ 955</u>	
		£ 2,228

(d) Major Claims Fund Braer

The figure of £21,919 represents contributions levied for 1993 on the basis of reports on contributing oil receipts in respect of:

Malta -	£20,979
Germany -	£ 940

(e) Major Claims Fund Taiko Maru

The figure of £5,707 represents contributions levied for 1993 on the basis of reports on contributing oil receipts in respect of:

Malta -	£5,463
Germany -	£ 244

(f) Major Claims Fund Keumdong N°5

The figure of £8,576 represents contributions levied for 1993 and 1994 on the basis of reports on contributing oil receipts in respect of:

Malta	1993 annual contribution -	£2,731	
	1994 annual contribution -	<u>£5,478</u>	
			£8,209
Germany	1993 annual contribution -	£122	
	1994 annual contribution -	<u>£245</u>	
			£ 367

(g) Major Claims Fund Toyotaka Maru

The figure of £3,480 represents contributions levied for 1994 on the basis of reports on contributing oil receipts in respect of Malta.

4 Miscellaneous income

The figure of £248,545 is arrived at as follows.

Recovery in respect of the following incidents:

	£	£
<i>Toyotaka Maru</i>	177,267	
<i>Ryoyo Maru</i>	60,589	
<i>Kumi Maru N°2</i>	<u>4,054</u>	
		241,910

Credit from contributor's account as company dissolved	6,409	
Reimbursement by Royal Mail for untraced delivery	56	
Honorarium for lecture at University of Southampton	<u>170</u>	
		6,635

5 Income from the 1992 Fund

The figure of £68,117 represents expenses incurred by the 1971 Fund on behalf of the 1992 Fund prior to the entry into force of the 1992 Fund Convention on 30 May 1996. In the 1992 Fund Budget for 1996 (document 92FUND/A.1/26, paragraph 6) it was stated that these expenses, which should be reimbursed by the 1992 Fund to the 1971 Fund, had already amounted to some £68,000. An appropriation of £70,000 was, therefore, included in the 1992 Fund Budget.

In the 1971 Fund Budget for 1997 (document 71FUND/A.19/21) it was mentioned on page 9 under "Any other income" item (b) that an amount of £338,508 would be reimbursed by the 1992 Fund. This Budget was approved by the 1971 Fund Assembly at its 19th session.

6 Interest on loan to Major Claims Fund *Vistabella*

The figure of £18,618 represents interest due in accordance with Financial Regulation 7.1(a)(v) on a loan of £293,890 made to the *Vistabella* Major Claims Fund in 1994, a loan of £5,312 made in 1995 and a loan of £1,151 in 1996. The account for this Major Claims Fund has not yet been opened.

7 Interest on loan to Major Claims Fund *Yuil N°1*

The figure of £8,306 represents interest due in accordance with Financial Regulation 7.1(a)(v) on a loan of £402,287 made to the *Yuil N°1* Major Claims Fund in 1995 and on an additional loan of £2,850,609 in 1996. The account for this Major Claims Fund was opened on 1 February 1996, the date on which the contributions to this Fund were due. The loan was repaid on that date.

8 Interest on loan to Major Claims Fund *Sea Empress*

The figure of £113 represents interest due in accordance with Financial Regulation 7.1(a)(v) on a loan of £58,144 made to the *Sea Empress* Major Claims Fund in 1996. The account for this Major Claims Fund was opened on 1 February 1997, the date on which the contributions to this Fund were due. The loan was repaid on that date.

9 Interest on overdue contributions

Interest is charged at 2% above the lowest London clearing bank base rate on unpaid annual contributions from the date on which payment is due, in accordance with Article 13.1 of the 1971 Fund Convention and Internal Regulation 3.10.

There is no provision in the 1971 Fund Convention for charging interest on overdue initial contributions.

10 Interest on investments

As at 31 December 1996 the 1971 Fund's portfolio of investments, comprising the 1971 Fund's time deposits (the General Fund, the Major Claims Funds *Haven*, *Aegean Sea*, *Braer*, *Taiko Maru*, *Keumdong N°5*, *Toyotaka Maru*, *Sea Prince*, *Yeo Myung* and *Senyo Maru*) of £114,255,308, the Provident Fund's assets of £1,005,794 and the Contributors' Account of £532,865 was distributed as set out in Note 18 below.

Interest due in 1996 on the investments amounted to £6,509,549. This is distributed as follows:

	£
Provident Fund	60,955
General Fund	1,070,460
<i>Haven</i> Major Claims Fund	1,523,134
<i>Aegean Sea</i> Major Claims Fund	1,914,053
<i>Braer</i> Major Claims Fund	286,353
<i>Taiko Maru</i> Major Claims Fund	195,612
<i>Keumdong N 5</i> Major Claims Fund	493,479
<i>Toyotaka Maru</i> Major Claims Fund	258,558
<i>Sea Prince</i> Major Claims Fund	502,481
<i>Yeo Myung</i> Major Claims Fund	97,109
<i>Senyo Maru</i> Major Claims Fund	87,583
Contributors' Account	19,772
	<u>6,509,549</u>

11 Obligations incurred

The figure of £975,953 represents the 1971 Fund's share of running the joint Secretariat.

In accordance with the 1971 and 1992 Fund Assemblies' decisions, the cost of running the joint Secretariat for the period 30 May 1996 - 31 December 1996 was to be distributed with 3/4 to be paid by the 1971 Fund and 1/4 to be paid by the 1992 Fund (document 71 FUND/A/ES.2/22, paragraph 9.1 and document 92Fund/A.1/34, paragraph 11.1). The only exception was the appropriation for meetings (Chapter III) which was calculated on the basis of the expected duration of the meetings of the 1971 and the 1992 Funds, respectively. The expenditure under this chapter charged to the 1971 Fund was as follows:

- 80% of the costs of the October 1996 sessions
- 50% of the costs of the Assembly sessions held in June 1996

12 Exchange adjustment

The figure of £44,026 represents a net loss from currency revaluations of French Francs held in London and Japanese Yen held in Tokyo. There was a loss of £38,676 on FFfr1,958,709 and a loss of £5,350 on ¥4,405,177.

13 Transfer from Major Claims Fund *Agip Abruzzo*

The figure of £176,662 represents a loan of £172,057 taken in 1995 by the *Agip Abruzzo* Major Claims Fund from the General Fund, pending the receipt of contributions in respect of this Major Claims Fund, plus interest of £4,605. This amount would have been reimbursed to the General Fund from the *Agip Abruzzo* Major Claims Fund when contributions to that Major Claims Fund were received. However, at its 18th session, the Assembly took the view that the amount to be paid from a proposed *Agip Abruzzo* Major Claims Fund was relatively insignificant. The Assembly decided therefore that the amount required should be paid from the General Fund instead of from a Major Claims Fund (document FUND/A.18/26, paragraph 18.6). The interest along with the loan was extinguished in 1996.

14 Interest on loan to Major Claims Fund *Braer* from Major Claims Fund *Haven*

The figure of £41,850 represents interest due in accordance with Financial Regulation 7.2(b)(iii) on the outstanding loan made to the *Braer* Major Claims Fund by the *Haven* Major Claims Fund in 1994, and on various additional loans made to the *Braer* Major Claims Fund by the *Haven* Major Claims Fund in 1995 and 1996. The account for the *Braer* Major Claims Fund was opened on 1 February 1994, but the total amount of contributions received in respect of this Major Claims Fund was exceeded by the expenditure incurred in 1994. At its 17th session in October 1994, the Assembly decided that no 1994 annual contributions should be levied to the *Braer* Major Claims Fund (document FUND/A.17/35, paragraph 21.10). A second levy of £14 million to the *Braer* Major Claims Fund, payable by 1 February 1996, was decided by the Assembly at its 18th session (document FUND/A.18/26, paragraph 18.4). The loans were repaid on 1 February 1996.

15 Provident Fund contributions

The rate of contribution for staff members is 7.9% of their respective pensionable remuneration and the rate of contribution for the 1971 Fund 15.8% of that remuneration, pursuant to Staff Rule VIII.5(b).

16 Interest received in 1996 on the Provident Fund

The basis of calculation of the interest of £60,955 on the Provident Fund is the one laid down by the Executive Committee at its 2nd session (Record of Decisions, document FUND/EXC.2/6, item 6).

17 Withdrawals from the Provident Fund

The withdrawal of £10,000 was made by one staff member in 1996 under the housing loan scheme.

18 Assets(a) Cash at banks and in hand

The amount of £115,793,967 includes a balance of £1,005,794 on the Staff Provident Fund and a balance of £532,865 on the Contributors' Account, and is held in various accounts as follows:

	£
<u>Time deposit accounts</u>	
Abbey National Plc	5,000,000
Bank of Tokyo-Mitsubishi Ltd	5,746,501
Bankgesellschaft Berlin	8,500,000
Banque Internationale à Luxembourg	10,000,000
Barclays Bank Plc	6,300,000
BHF-Bank	5,000,000
Commerzbank AG	3,000,000
Den Danske Bank	8,003,817
DePfa Bank Europe	10,000,000
Landesbank Berlin	5,000,000
Landesbank Hessen-Thüringen Girozentrale	5,000,000
Nationwide Building Society	5,484,117
Norinchukin Bank	6,270,889
Sanwa Bank Ltd	8,000,000
Société Générale	3,800,000
Svenska Handelsbanken AB	9,143,161
Westdeutsche Landesbank	5,000,000
Woolwich Building Society	<u>5,000,000</u>
	<u>114,248,485</u>
<u>Current and call deposit accounts</u>	
Bank of Scotland - £ Current a/c	42,541
Banque Nationale de Paris Plc - FFr Call Deposit a/c	220,164
Barclays Bank Plc - £ Business Premium a/c / Current a/c	252,458
Barclays Bank Plc - £ Call Deposit a/c	1,000,000
The Bank of Tokyo-Mitsubishi, Ltd - £ Current a/c	4,165
Mitsui Trust & Banking Co Ltd - ¥ Current a/c - Tokyo	22,114
Mitsui Trust & Banking Co Ltd - London	4,002
Petty cash - balance of imprest a/c	<u>38</u>
	<u>1,545,482</u>
	<u>115,793,967</u>

(b) Office machines, furniture and other supplies

As mentioned under Significant Accounting Policies (Note 1, item (c)) office machines, furniture and other supplies are not shown as assets in the Balance Sheet. As at 31 December 1996 the purchase value of these supplies and equipment was as follows:

	£
Office machines	100,095
Furniture and other office equipment	55,780
Library	4,569
Hospitality cellar	<u>312</u>
	<u>160,756</u>

19 Tax recoverable

The amount of £77,257 comprises:

- (a) £76,129 VAT to be refunded to the 1971 Fund by the United Kingdom Government; and
- (b) £1,128 Insurance Premium Tax to be refunded to the 1971 Fund by the United Kingdom Government.

20 Miscellaneous receivable

The amount of £11,710 comprises:

- (a) £8,102 paid to BUPA for 1996 subscriptions to the health insurance scheme, 50% of which will be reimbursed by the staff members and 50% from the 1997 Expenditure Account;
- (b) £506 to be reimbursed to the 1971 Fund from travel accounts;
- (c) £383 to be reimbursed to the 1971 Fund by the Administrative Court of Appeal in the Hague (Netherlands) in respect of travel expenses for court hearing;
- (d) £2,713 representing salary advances to be reimbursed by staff members in 1997 under Staff Rule IV.12; and
- (e) £6 being import duty to be reimbursed to the 1971 Fund.

21 Accounts payable

The amount of £31,987 comprises:

- (a) £6,037 representing reimbursements for travel expenses due to staff members;
- (b) £11,383 representing the balance of accident insurance premium due but not paid till early 1997;
- (c) £12,918 due to American Express Europe Ltd; and
- (d) £1,649 being outstanding National Insurance Contributions payable in January 1997.

22 Unliquidated obligations

The figure of £135,327 is made up of obligations incurred in 1995 and 1996 but unliquidated at 31 December 1996.

The major part of the unliquidated obligations consists of:

- (a) £2,960 appropriated for the purchase of furniture;
- (b) £3,610 appropriated for the purchase of office equipment;
- (c) £14,925 for consultants fees;
- (d) £109,684 to meet invoices from the International Maritime Organization in respect of translation, printing and typing of documents for public information and for the Assembly and the Executive Committee, telex and receptions, general services, one translator, language classes and books; and
- (e) £2,334 in respect of home leave for the Finance/Personnel Officer.

23 Contributors' Account

The amount of £532,865 is the balance on the Contributors' Account after the deduction of amounts repaid to contributors or offset against the 1996 annual contributions and the addition of interest as provided in Internal Regulation 3.11.

24 General Fund Balance

The figure of £18,086,317 is arrived at as follows:

Net assets at 1 January 1996	15,388,781
Add surplus 1996	<u>2,697,536</u>
	<u>18,086,317</u>

This figure represents the balance remaining after making loans of £406,065 to two Major Claims Funds and a loan of £237,898 to the 1992 Fund. This balance is higher than the Working Capital which, at 31 December 1996, was £15 million.

SCHEDULE I

**REPORT ON CONTRIBUTIONS DURING THE FINANCIAL PERIOD
1 JANUARY - 31 DECEMBER 1996
AND ON CONTRIBUTIONS OUTSTANDING FOR PREVIOUS FINANCIAL PERIODS**

1 Four States became Members of the 1971 Fund in 1996: Bahrain, Mauritania, Switzerland and Tonga.

2 A comprehensive report on the payment of contributions as at 30 June 1996 was submitted to the Assembly at its 19th session (document FUND/A.19/8). An additional report on the payment of contributions as at 30 September 1996 was also submitted to the Assembly at that session (document FUND/A.19/8/Add.1).

3 The report contained in this schedule is a comprehensive up-date of the earlier reports. The outstanding balances of contributions as at 31 December 1996 can be summarised as follows:

State	Initial	1991	1992	1993	1994	1995	Total
Algeria		11 793.82	5 837.32	42 071.67	12 857.29	7 964.39	80 524.49
Bahamas						84 849.58	84 849.58
Croatia					69 194.45	109 469.08	178 663.53
Greece					8 846.83	17 631.36	26 478.19
Italy		98 271.74	51 950.71				150 222.45
Kuwait				63 303.09	47 456.74		110 759.83
Malta	1 162.04	42.52		44 309.28	19 309.44	20 847.81	85 671.09
Netherlands						9 693.94	9 693.94
Russian Federation			46 447.91	73 896.07	55 398.02		175 742.00
Sweden				27 051.24	26 269.53		53 320.77
United Kingdom					1 656.71	2 543.42	4 200.13
Syrian Arab Republic		477.72					477.72
USSR		253 401.70					253 401.70
Yugoslavia		101 755.66	39 047.40				140 803.06
	1 162.04	465 743.16	143 283.34	250 631.35	240 989.01	252 999.58	1 354 808.48

ANNUAL CONTRIBUTIONS 1995 - GENERAL FUND AS AT 31.12.96

State	Assessment £	Receipt £	Outstanding £	% Paid
<1> Albania	-	-	-	-
<1> Algeria	-	-	-	-
Australia	143 585.41	143 585.41	0.00	100.00
Bahamas	41 424.70	23 847.62	17 577.08	57.57
<2> Bahrain	-	-	-	-
<3> Barbados	-	-	-	-
Belgium	32 451.08	32 451.08	0.00	100.00
<1> Benin	-	-	-	-
<3> Brunei Darussalam	-	-	-	-
Cameroon	6 001.66	6 001.66	0.00	100.00
Canada	169 812.48	169 812.48	0.00	100.00
<4> Côte d'Ivoire	-	-	-	-
Croatia	14 594.28	0.00	14 594.28	0.00
Cyprus	8 321.80	8 321.80	0.00	100.00
Denmark	29 460.81	29 460.81	0.00	100.00
<3> Djibouti	-	-	-	-
<3> Estonia	-	-	-	-
<1> Fiji	-	-	-	-
Finland	58 209.46	58 209.46	0.00	100.00
France	488 372.23	488 372.23	0.00	100.00
<1> Gabon	-	-	-	-
<1> Gambia	-	-	-	-
Germany	176 940.30	176 940.30	0.00	100.00
Ghana	5 603.27	5 603.27	0.00	100.00
Greece	89 075.56	85 423.12	3 652.44	95.90
<3> Iceland	-	-	-	-
<1> India	-	-	-	-
Indonesia	50 851.07	50 851.07	0.00	100.00
Ireland	16 395.56	16 395.56	0.00	100.00
Italy	757 287.59	757 287.59	0.00	100.00
Japan	1 491 251.08	1 491 251.08	0.00	100.00
<1> Kenya	-	-	-	-
<3> Kuwait	-	-	-	-
<1> Liberia	-	-	-	-
<4> Malaysia	-	-	-	-
<3> Maldives	-	-	-	-
Malta	3 878.33	1 301.63	2 576.70	33.56
<3> Marshall Islands	-	-	-	-
<2> Mauritania	-	-	-	-
Mauritius	452.46	452.46	0.00	100.00
Mexico	106 369.06	106 369.06	0.00	100.00
<3> Monaco	-	-	-	-
Morocco	34 262.54	34 262.54	0.00	100.00
Netherlands	499 658.62	497 650.46	2 008.16	99.60
<1> Nigeria	-	-	-	-
Norway	154 740.78	154 740.78	0.00	100.00
<3> Oman	-	-	-	-
<3> Papua New Guinea	-	-	-	-
Poland	30 788.19	30 788.19	0.00	100.00
Portugal	79 859.23	79 859.23	0.00	100.00
<1> Qatar	-	-	-	-
Republic of Korea	473 543.02	473 543.02	0.00	100.00
<1> Russian Federation	-	-	-	-
<3> Saint Kitts and Nevis	-	-	-	-

State	Assessment £	Receipt £	Outstanding £	% Paid
<3> Seychelles	-	-	-	-
<1> Sierra Leone	-	-	-	-
Slovenia	854.27	854.27	0.00	100.00
Spain	279 901.45	279 901.45	0.00	100.00
Sri Lanka	9 821.50	9 821.50	0.00	100.00
Sweden	104 206.85	104 206.85	0.00	100.00
<2> Switzerland	-	-	-	-
<1> Syrian Arab Republic	-	-	-	-
<2> Tonga	-	-	-	-
Tunisia	14 938.38	14 938.38	0.00	100.00
<1> Tuvalu	-	-	-	-
<1> United Arab Emirates	-	-	-	-
United Kingdom	435 977.28	435 977.28	0.00	100.00
<3> Vanuatu	-	-	-	-
<5> Venezuela	-	-	-	-
<3> Yugoslavia	-	-	-	-
Total	5 808 890.30	5 768 481.64	40 408.66	99.30

<1> Reports on contributing oil receipts in 1994 not submitted by 31.12.96

<2> Not a Member State in 1995

<3> No liability for contributions to the General Fund in 1995

<4> Reports on contributing oil receipts in 1994 submitted, but insufficient details as at 31.12.96 for invoicing

<5> Contributors invoiced late; amounts due on 1.2.97

ANNUAL CONTRIBUTIONS 1995 - BRAER MAJOR CLAIMS FUND AS AT 31.12.96

State	Assessment £	Receipt £	Outstanding £	% Paid
<1> Albania	-	-	-	-
Algeria	7,964.39	0.00	7,964.39	0.00
<1> Australia	-	-	-	-
Bahamas	80,088.07	80,088.07	0.00	100.00
<1> Bahrain	-	-	-	-
<1> Barbados	-	-	-	-
<1> Belgium	-	-	-	-
<2> Benin	-	-	-	-
<3> Brunei Darussalam	-	-	-	-
Cameroon	12,399.89	12,399.89	0.00	100.00
Canada	438,599.31	438,599.31	0.00	100.00
Côte d'Ivoire	46,490.29	46,490.29	0.00	100.00
Croatia	39,018.32	0.00	39,018.32	0.00
Cyprus	20,215.60	20,215.60	0.00	100.00
Denmark	87,140.95	87,140.95	0.00	100.00
<2> Djibouti	-	-	-	-
<1> Estonia	-	-	-	-
<3> Fiji	-	-	-	-
Finland	125,611.14	125,611.14	0.00	100.00
France	1,319,242.74	1,319,242.74	0.00	100.00
<2> Gabon	-	-	-	-
<2> Gambia	-	-	-	-
Germany	465,658.63	465,658.63	0.00	100.00
Ghana	13,523.97	13,523.97	0.00	100.00
Greece	275,769.94	275,769.94	0.00	100.00
<3> Iceland	-	-	-	-
India	561,495.45	561,495.45	0.00	100.00
Indonesia	142,956.91	142,956.91	0.00	100.00
<1> Ireland	-	-	-	-
Italy	2,121,140.57	2,121,140.57	0.00	100.00
Japan	3,869,535.40	3,869,535.40	0.00	100.00
<1> Kenya	-	-	-	-
<3> Kuwait	-	-	-	-
<2> Liberia	-	-	-	-
<1> Malaysia	-	-	-	-
<3> Maldives	-	-	-	-
Malta	8,409.33	0.00	8,409.33	0.00
<1> Marshall Islands	-	-	-	-
<1> Mauritania	-	-	-	-
<1> Mauritius	-	-	-	-
<1> Mexico	-	-	-	-
<3> Monaco	-	-	-	-
<1> Morocco	-	-	-	-
Netherlands	1,401,063.84	1,401,063.84	0.00	100.00
<2> Nigeria	-	-	-	-
Norway	343,905.89	343,905.89	0.00	100.00
<3> Oman	-	-	-	-
<3> Papua New Guinea	-	-	-	-
Poland	108,807.12	108,807.12	0.00	100.00
Portugal	153,950.05	153,950.05	0.00	100.00
<2> Qatar	-	-	-	-
<1> Republic of Korea	-	-	-	-
<2> Russian Federation	-	-	-	-
<1> Saint Kitts and Nevis	-	-	-	-

State	Assessment £	Receipt £	Outstanding £	% Paid
<2> Seychelles	-	-	-	-
<1> Sierra Leone	-	-	-	-
<3> Slovenia	-	-	-	-
Spain	786 391.14	786 391.14	0.00	100.00
Sri Lanka	18 686.69	18 686.69	0.00	100.00
Sweden	272 485.76	272 485.76	0.00	100.00
<1> Switzerland	-	-	-	-
<2> Syrian Arab Republic	-	-	-	-
<1> Tonga	-	-	-	-
Tunisia	37 127.76	37 127.76	0.00	100.00
<3> Tuvalu	-	-	-	-
<2> United Arab Emirates	-	-	-	-
United Kingdom	1 182 325.10	1 179 781.68	2 543.42	99.78
<3> Vanuatu	-	-	-	-
<4> Venezuela	-	-	-	-
<3> Yugoslavia	-	-	-	-
Total	13 940 004.25	13 882 068.79	57 935.46	99.58

- <1> Not a Member State at the time of the *Braer* incident (5.1.93)
 <2> Reports on contributing oil receipts in 1992 not submitted by 31.12.96
 <3> No liability for contributions to the *Braer* Major Claims Fund
 <4> Contributors invoiced late; amounts due on 1.2.97

ANNUAL CONTRIBUTIONS 1995 -
SEA PRINCE/YEO MYUNG/YUIL N°1 MAJOR CLAIMS FUND AS AT 31.12.96

State	Assessment £	Receipt £	Outstanding £	% Paid
<1> Albania	-	-	-	-
<1> Algeria	-	-	-	-
Australia	487 206.68	487 206.68	0.00	100.00
Bahamas	137 864.50	79 366.67	58 497.83	57.57
<2> Bahrain	-	-	-	-
<3> Barbados	-	-	-	-
Belgium	128 823.06	128 823.06	0.00	100.00
<1> Benin	-	-	-	-
<3> Brunei Darussalam	-	-	-	-
Cameroon	19 973.98	19 973.98	0.00	100.00
Canada	565 148.64	565 148.64	0.00	100.00
<4> Côte d'Ivoire	-	-	-	-
Croatia	48 570.85	0.00	48 570.85	0.00
Cyprus	27 695.57	27 695.57	0.00	100.00
Denmark	98 047.78	98 047.78	0.00	100.00
<3> Djibouti	-	-	-	-
<3> Estonia	-	-	-	-
<1> Fiji	-	-	-	-
Finland	193 725.46	193 725.46	0.00	100.00
France	1 625 339.31	1 625 339.31	0.00	100.00
<1> Gabon	-	-	-	-
<1> Gambia	-	-	-	-
Germany	588 870.53	588 870.53	0.00	100.00
Ghana	18 648.12	18 648.12	0.00	100.00
Greece	296 450.11	284 294.53	12 155.58	95.90
<3> Iceland	-	-	-	-
<1> India	-	-	-	-
Indonesia	169 236.17	169 236.17	0.00	100.00
Ireland	54 565.62	54 565.62	0.00	100.00
Italy	2 520 309.74	2 520 309.74	0.00	100.00
Japan	4 962 995.05	4 962 995.05	0.00	100.00
<1> Kenya	-	-	-	-
<3> Kuwait	-	-	-	-
<1> Liberia	-	-	-	-
<4> Malaysia	-	-	-	-
<3> Maldives	-	-	-	-
Malta	12 907.39	4 331.93	8 575.46	33.56
<3> Marshall Islands	-	-	-	-
<2> Mauritania	-	-	-	-
Mauritius	3 053.49	3 053.49	0.00	100.00
Mexico	354 004.18	354 004.18	0.00	100.00
<3> Monaco	-	-	-	-
Morocco	114 028.29	114 028.29	0.00	100.00
Netherlands	1 662 901.20	1 656 217.91	6 683.29	99.60
<1> Nigeria	-	-	-	-
Norway	514 988.88	514 988.88	0.00	100.00
<3> Oman	-	-	-	-
<3> Papua New Guinea	-	-	-	-
Poland	102 465.38	102 465.38	0.00	100.00

State	Assessment £	Receipt £	Outstanding £	% Paid
Portugal	265 777.52	265 777.52	0.00	100.00
<1> Qatar	-	-	-	-
Republic of Korea	1 575 986.59	1 575 986.59	0.00	100.00
<1> Russian Federation	-	-	-	-
<3> Saint Kitts and Nevis	-	-	-	-
<3> Seychelles	-	-	-	-
<1> Sierra Leone	-	-	-	-
Slovenia	2 843.08	2 843.08	0.00	100.00
Spain	931 532.95	931 532.95	0.00	100.00
Sri Lanka	32 686.68	32 686.68	0.00	100.00
Sweden	346 808.17	346 808.17	0.00	100.00
<2> Switzerland	-	-	-	-
<1> Syrian Arab Republic	-	-	-	-
<2> Tonga	-	-	-	-
Tunisia	49 716.04	49 716.04	0.00	100.00
<1> Tuvalu	-	-	-	-
<1> United Arab Emirates	-	-	-	-
United Kingdom	1 450 965.04	1 450 965.04	0.00	100.00
<3> Vanuatu	-	-	-	-
<5> Venezuela	-	-	-	-
<3> Yugoslavia	-	-	-	-
Total	19 364 136.05	19 229 653.04	134 483.01	99.31

<1> Reports on contributing oil receipts in 1994 not submitted by 31.12.96

<2> Not a Member State at the time of the *Sea Prince/Yeo Myung/Yuul N°1* incidents (23.7.95/3.8.95/21.9.95)

<3> No liability for contributions to the *Sea Prince/Yeo Myung/Yuul N°1* Major Claims

<4> Reports on contributing oil receipts in 1994 submitted, but insufficient details as at 31.12.96 for invoicing

<5> Contributors invoiced late; amounts due on 1.2.97

ANNUAL CONTRIBUTIONS 1995 - SENYO MARU MAJOR CLAIMS FUND AS AT 31.12.96

State	Assessment £	Receipt £	Outstanding £	% Paid
<1> Albania	-	-	-	-
<1> Algeria	-	-	-	-
Australia	73 080.99	73 080.99	0.00	100.00
Bahamas	20 679.67	11 905.00	8 774.67	57.57
<2> Bahrain	-	-	-	-
<3> Barbados	-	-	-	-
Belgium	19 323.46	19 323.46	0.00	100.00
<1> Benin	-	-	-	-
<3> Brunei Darussalam	-	-	-	-
Cameroon	2 996.10	2 996.10	0.00	100.00
Canada	84 772.30	84 772.30	0.00	100.00
<4> Côte d'Ivoire	-	-	-	-
Croatia	7 285.63	0.00	7 285.63	0.00
Cyprus	4 154.33	4 154.33	0.00	100.00
Denmark	14 707.17	14 707.17	0.00	100.00
<3> Djibouti	-	-	-	-
<3> Estonia	-	-	-	-
<1> Fiji	-	-	-	-
Finland	29 058.81	29 058.81	0.00	100.00
France	243 800.90	243 800.90	0.00	100.00
<1> Gabon	-	-	-	-
<1> Gambia	-	-	-	-
Germany	88 330.57	88 330.57	0.00	100.00
Ghana	2 797.22	2 797.22	0.00	100.00
Greece	44 467.51	42 644.17	1 823.34	95.90
<3> Iceland	-	-	-	-
<1> India	-	-	-	-
Indonesia	25 385.43	25 385.43	0.00	100.00
Ireland	8 184.84	8 184.84	0.00	100.00
Italy	378 046.46	378 046.46	0.00	100.00
Japan	744 449.24	744 449.24	0.00	100.00
<1> Kenya	-	-	-	-
<3> Kuwait	-	-	-	-
<1> Liberia	-	-	-	-
<4> Malaysia	-	-	-	-
<3> Maldives	-	-	-	-
Malta	1 936.11	649.79	1 286.32	33.56
<3> Marshall Islands	-	-	-	-
<2> Mauritania	-	-	-	-
Mauritius	458.02	458.02	0.00	100.00
Mexico	53 100.62	53 100.62	0.00	100.00
<3> Monaco	-	-	-	-
Morocco	17 104.25	17 104.25	0.00	100.00
Netherlands	249 435.18	248 432.69	1 002.49	99.60
<1> Nigeria	-	-	-	-
Norway	77 248.34	77 248.34	0.00	100.00
<3> Oman	-	-	-	-
<3> Papua New Guinea	-	-	-	-
Poland	15 369.81	15 369.81	0.00	100.00
Portugal	39 866.62	39 866.62	0.00	100.00

State	Assessment £	Receipt £	Outstanding £	% Paid
<1> Qatar	-	-	-	-
Republic of Korea	236 397.99	236 397.99	0.00	100.00
<1> Russian Federation	-	-	-	-
<3> Saint Kitts and Nevis	-	-	-	-
<3> Seychelles	-	-	-	-
<1> Sierra Leone	-	-	-	-
Slovenia	426.46	426.46	0.00	100.00
Spain	139 729.95	139 729.95	0.00	100.00
Sri Lanka	4 903.00	4 903.00	0.00	100.00
Sweden	52 021.25	52 021.25	0.00	100.00
<2> Switzerland	-	-	-	-
<1> Syrian Arab Republic	-	-	-	-
<2> Tonga	-	-	-	-
Tunisia	7 457.41	7 457.41	0.00	100.00
<1> Tuvalu	-	-	-	-
<1> United Arab Emirates	-	-	-	-
United Kingdom	217 644.77	217 644.77	0.00	100.00
<3> Vanuatu	-	-	-	-
<5> Venezuela	-	-	-	-
<3> Yugoslavia	-	-	-	-
Total	2 904 620.41	2 884 447.96	20 172.45	99.31

<1> Reports on contributing oil receipts in 1994 not submitted by 31.12.96

<2> Not a Member State at the time of the *Senyo Maru* incident (3.9.95)

<3> No liability for contributions to the *Senyo Maru* Major Claims

<4> Reports on contributing oil receipts in 1994 submitted, but insufficient details as at 31.12.96 for invoicing

<5> Contributors invoiced late; amounts due on 1.2.97

**ANNUAL CONTRIBUTIONS OUTSTANDING FOR
PREVIOUS FINANCIAL PERIODS AS AT 31 DECEMBER 1996**

General Fund and Major Claims Funds

State	Assessment £	Receipt £	Outstanding £	%Paid
Algeria (1991)	2 600.95	1 157.08	1 443.87	44.49
Algeria (1993)	4 211.93	0.00	4 211.93	0.00
Algeria (Rio Orinoco)	4 706.18	2 159.08	2 547.10	45.88
Algeria (Haven, 1991)	7 802.85	0.00	7 802.85	0.00
Algeria (Haven, 1992)	5 149.61	0.00	5 149.61	0.00
Algeria (Volgoneft 263)	687.71	0.00	687.71	0.00
Algeria (Aegean Sea, 1993)	10 230.48	0.00	10 230.48	0.00
Algeria (Aegean Sea, 1994)	7 669.53	0.00	7 669.53	0.00
Algeria (Braer, 1993)	19 869.37	0.00	19 869.37	0.00
Algeria (Taiko Maru)	5 173.26	0.00	5 173.26	0.00
Algeria (Keumdong N°5, 1993)	2 586.63	0.00	2 586.63	0.00
Algeria (Keumdong N°5, 1994)	5 187.76	0.00	5 187.76	0.00
Croatia (1994)	18 109.93	7 835.10	10 274.83	43.26
Croatia (Aegean Sea, 1994)	6 555.52	0.00	6 555.52	0.00
Croatia (Keumdong N°5, 1994)	25 415.31	0.00	25 415.31	0.00
Croatia (Toyotaka Maru)	26 948.79	0.00	26 948.79	0.00
Greece (1994)	90 216.43	86 660.73	3 555.70	96.06
Greece (Toyotaka Maru)	134 248.10	128 956.97	5 291.13	96.06
<1> Italy (1991)	766 965.97	753 404.46	13 561.51	98.23
<1> Italy (Rio Orinoco)	991 860.08	955 306.99	36 553.09	96.31
<1> Italy (Haven, 1991)	2 300 897.93	2 252 740.79	48 157.14	97.91
<1> Italy (Haven, 1992)	1 518 513.40	1 471 904.13	46 609.27	96.93
<1> Italy (Volgoneft 263)	144 938.73	139 597.29	5 341.44	96.31
Kuwait (Aegean Sea, 1993)	63 303.09	0.00	63 303.09	0.00
Kuwait (Aegean Sea, 1994)	47 456.74	0.00	47 456.74	0.00
Malta (1991)	42.52	0.00	42.52	0.00
Malta (1993)	4 447.24	0.00	4 447.24	0.00
Malta (1994)	2 338.52	0.00	2 338.52	0.00
Malta (Aegean Sea, 1993)	10 689.27	0.00	10 689.27	0.00
Malta (Aegean Sea, 1994)	8 013.48	0.00	8 013.48	0.00
Malta (Braer, 1993)	20 979.38	0.00	20 979.38	0.00
Malta (Taiko Maru)	5 462.26	0.00	5 462.26	0.00
Malta (Keumdong N°5, 1993)	2 731.13	0.00	2 731.13	0.00
Malta (Keumdong N°5, 1994)	5 477.57	0.00	5 477.57	0.00
Malta (Toyotaka Maru)	3 479.87	0.00	3 479.87	0.00
Russian Federation (Haven, 1992)	42 594.59	0.00	42 594.59	0.00
Russian Federation (Volgoneft 263)	4 021.19	167.87	3 853.32	4.17
Russian Federation (Aegean Sea, 1993)	73 896.07	0.00	73 896.07	0.00
Russian Federation (Aegean Sea, 1994)	55 398.02	0.00	55 398.02	0.00
Sweden (Aegean Sea, 1993)	365 536.86	338 485.62	27 051.24	92.60
Sweden (Aegean Sea, 1994)	274 033.84	247 764.31	26 269.53	90.41
Syrian Arab Republic (Rio Orinoco)	3 120.74	2 643.02	477.72	84.69
Union of Soviet Socialist Republics (1991)	48 799.35	26 405.22	22 394.13	54.11
Union of Soviet Socialist Republics (Rio Orinoco)	85 649.43	918.15	84 731.28	1.07
Union of Soviet Socialist Republics (Haven, 1991)	146 398.02	121.73	146 276.29	0.08
United Kingdom (Keumdong N°5, 1994)	770 129.52	768 472.81	1 656.71	99.78
<2> Venezuela (1993)	-	-	-	-
<2> Venezuela (1994)	-	-	-	-
<2> Venezuela (Aegean Sea, 1993)	-	-	-	-
<2> Venezuela (Aegean Sea, 1994)	-	-	-	-
<2> Venezuela (Braer, 1993)	-	-	-	-
<2> Venezuela (Taiko Maru)	-	-	-	-
<2> Venezuela (Keumdong N°5, 1993)	-	-	-	-

State	Assessment £	Receipt £	Outstanding £	%Paid
<2> Venezuela (Keumdong N°5, 1994)	-	-	-	-
<2> Venezuela (Toyotaka Maru)	-	-	-	-
Yugoslavia (1991)	48 038.06	30 933.84	17 104.22	64.39
Yugoslavia (Rio Orinoco)	64 590.16	30 111.52	34 478.64	46.62
Yugoslavia (Haven, 1991)	144 114.17	93 941.37	50 172.80	65.19
Yugoslavia (Haven, 1992)	35 361.82	0.00	35 361.82	0.00
Yugoslavia (Volgoneft 263)	3 685.58	0.00	3 685.58	0.00
Total	8 440 334.94	7 339 688.08	1 100 646.86	86.96

<1> Contributor has gone bankrupt. Claim has been registered in bankruptcy proceedings

<2> Contributors invoiced late; amounts due on 1.2.97

**Annual contributions not yet assessed due to non-submission of reports on
contributing oil receipts for relevant year as at 31 December 1996**

Albania	General Fund	(1994)
	Major Claims Fund	(Toyotaka Maru)
Algeria	General Fund	(1994)
	Major Claims Fund	(Toyotaka Maru)
Benin	General Fund	(1993, 1994)
	Major Claims Funds	(Aegean Sea (1993 & 1994), Braer (1993), Taiko Maru, Keumdong N°5 (1993 & 1994), Toyotaka Maru)
Djibouti	General Fund	(1993)
	Major Claims Funds	(Braer (1993), Taiko Maru, Keumdong N°5 (1993 & 1994))
Gabon	General Fund	(1989, 1990, 1991, 1993, 1994)
	Major Claims Funds	(Rio Orinoco, Haven (1991 & 1992), Volgoneft 263, Aegean Sea (1993 & 1994), Braer (1993), Taiko Maru, Keumdong N°5 (1993 & 1994), Toyotaka Maru)
Gambia	General Fund	(1993, 1994)
	Major Claims Funds	(Aegean Sea (1993 & 1994), Braer (1993), Taiko Maru, Keumdong N°5 (1993 & 1994), Toyotaka Maru)
Kenya	General Fund	(1993, 1994)
	Major Claims Funds	(Taiko Maru, Keumdong N°5 (1993 & 1994), Toyotaka Maru)
Liberia	General Fund	(1993, 1994)
	Major Claims Funds	(Braer (1993), Taiko Maru, Keumdong N°5 (1993 & 1994), Toyotaka Maru)
Nigeria	General Fund	(1987, 1989, 1990, 1991, 1993, 1994)
	Major Claims Funds	(Rio Orinoco, Haven (1991 & 1992), Volgoneft 263, Aegean Sea (1993 & 1994), Braer (1993), Taiko Maru, Keumdong N°5 (1993 & 1994), Toyotaka Maru)
Qatar	General Fund	(1993, 1994)
	Major Claims Funds	(Aegean Sea (1993 & 1994), Braer (1993), Taiko Maru, Keumdong N°5 (1993, 1994), Toyotaka Maru)
Russian Federation	General Fund	(1993, 1994)
	Major Claims Funds	(Braer (1993), Taiko Maru, Keumdong N°5 (1993 & 1994), Toyotaka Maru)
Saint Kitts and Nevis		(1994)
Seychelles	General Fund	(1993)
	Major Claims Funds	(Braer (1993), Taiko Maru, Keumdong N°5 (1993 & 1994))
Sierra Leone	General Fund	(1993, 1994)
	Major Claims Fund	(Toyotaka Maru)
Syrian Arab Republic	General Fund	(1991, 1993, 1994)
	Major Claims Funds	(Haven (1991 & 1992), Aegean Sea (1993 & 1994), Braer (1993), Taiko Maru, Keumdong N°5 (1993 & 1994), Toyotaka Maru)
Tuvalu	General Fund	(1994)
	Major Claims Fund	(Toyotaka Maru)
United Arab Emirates	General Fund	(1987, 1988, 1989, 1990, 1991, 1993, 1994)
	Major Claims Funds	(Kasuga Maru N°1, Rio Orinoco, Haven (1991 & 1992), Volgoneft 263, Aegean Sea (1993 & 1994), Braer (1993), Taiko Maru, Keumdong N°5 (1993 & 1994), Toyotaka Maru)
Yugoslavia	Major Claims Funds	(Aegean Sea (1993 & 1994))

INITIAL CONTRIBUTIONS AS AT 31 DECEMBER 1996

Initial contributions assessed in 1996

State	Assessment £	Receipt £	Outstanding £	% Paid
<1> Barbados	-	-	-	-
<1> Brunei Darussalam	-	-	-	-
Malta	1,162.04	0.00	1,162.04	0.00
<1> Vanuatu	-	-	-	-
<2> Venezuela	-	-	-	-
Total	1,162.04	0.00	1,162.04	0.00

<1> No liability for initial contributions

<2> Contributors invoiced late; amounts due on 1.2.97

Initial contributions not yet assessed due to non-submission by 31.12.96 of reports on contributing oil receipts for relevant year

Albania	(1994)
Bahrain	(1996)
Gambia	(1992)
Kenya	(1993)
<3> Malaysia	(1995)
Mauritania	(1996)
Nigeria	(1987)
Saint Kitts and Nevis	(1994)
Sierra Leone	(1993)
Tonga	(1996)

<3> Reports of contributing oil receipts in 1994 submitted, but insufficient details as at 31.12.96 for invoicing

SCHEDULE II

REPORT ON PAYMENT OF CLAIMS FOR THE FINANCIAL PERIOD 1 JANUARY - 31 DECEMBER 1996

1 Financial Regulation 4.6 requires the Director to maintain a running record of all expenses incurred by the 1971 Fund in respect of each incident giving rise to claims against the Fund.

2 Expenditure incurred by the 1971 Fund during 1996 in respect of various incidents amounted to £23,066,357. This amount is made up as follows:

	£
General Fund	3,478,716
<i>Vistabella</i> Major Claims Fund	19,769
<i>Haven</i> Major Claims Fund	2,714,352
<i>Aegean Sea</i> Major Claims Fund	1,062,868
<i>Braer</i> Major Claims Fund	639,739
<i>Keumdong N°5</i> Major Claims Fund	5,773,322
<i>Toyotaka Maru</i> Major Claims Fund	141,523
<i>Sea Prince</i> Major Claims Fund	1,333,165
<i>Yuil N°1</i> Major Claims Fund	6,280,900
<i>Senyo Maru</i> Major Claims Fund	1,563,746
<i>Sea Empress</i> Major Claims Fund	58,257
	<u>23,066,357</u>

3 The amount of £3,478,716 relating to the General Fund is inclusive of the first 1 million SDR in respect of the *Senyo Maru* Major Claims Fund (£959,421), the *Sea Empress* Major Claims Fund (£952,381) and the balance of the first 1 million SDR in respect of the *Sea Prince* Major Claims Fund (£847,309).

4 With regard to the *Vistabella* incident, there was an increase of £1,151 in the loans taken from the General Fund, pending the receipt of funds when contributions will be received in respect of the *Vistabella* Major Claims Fund. The interest charged on the loan of £300,353 amounted to £18,618.

5 As for the *Braer* incident, after the payment of £7,422,708 in loans and interest due to the *Haven* Major Claims Fund from the 1995 financial period, there was a deficit of £7,794,155 which was covered by a loan in that amount from the *Haven* Major Claims Fund, pending the receipt of additional contributions levied in respect of the *Braer* Major Claims Fund by the Assembly at its 18th session (document FUND/A.18/26, paragraph 18.4). The loan was repaid in early 1996, with interest of £41,850, on receipt of contributions.

6 In respect of the *Sea Empress* incident, the sum of £952,381, being the first 1 million SDR, was paid from the General Fund. An amount of £58,257 in excess of 1 million SDR was paid from contributions received on 1 February 1997 in respect of the *Sea Empress* Major Claims Fund.

7 In respect of the *Yuil N°1* incident, the sum of £952,517, being the first 1 million SDR, was paid from the General Fund. An amount of £402,287 in excess of 1 million SDR was paid from loans taken from the General Fund, pending the receipt of contributions levied in respect of the *Yuil N°1* Major Claims Fund by the Assembly at its 18th session (document FUND/A.18/26, paragraph 18.4). The interest charged on the loans in 1995 amounted to £642. A second loan of £2,850,609 was taken in January 1996. All loans were repaid on receipt of contributions in February 1996. Interest charged on the loans in 1996 amounted to £8,306.

8 In general, the position as at 31 December 1996 was as follows:

(a)	<i>Vistabella</i>	£
	Fees	1,151
	Interest on loan from the General Fund	<u>18,618</u>
	1996 Expenditure	19,769
	1995 Expenditure b/f	25,559
	1994 Expenditure b/f	1,002,806
	1993 Expenditure b/f	5,025
	1992 Expenditure b/f	4,542
	1991 Expenditure b/f	<u>33,199</u>
	Total expenditure to date	<u>1,090,900</u>
(b)	<i>Haven</i>	
	Compensation	2,048,108
	Fees	662,958
	Miscellaneous	1,126
	Travel	<u>2,160</u>
	1996 Expenditure	2,714,352
	1995 Expenditure b/f	777,986
	1994 Expenditure b/f	664,201
	1993 Expenditure b/f	765,254
	1992 Expenditure b/f	626,881
	1991 Expenditure b/f	<u>286,765</u>
	Total expenditure to date	<u>5,835,439</u>
(c)	<i>Kumi Maru N°2</i>	
	Fees	3,494
	Miscellaneous	<u>10</u>
	1996 Expenditure	3,504
	1995 Expenditure b/f	5,653
	1994 Expenditure b/f	2,310
	1993 Expenditure b/f	NIL
	1992 Expenditure b/f	<u>5,636</u>
	Total expenditure to date	<u>17,103</u>
(d)	<i>Aegean Sea</i>	
	Compensation	356,613
	Fees	698,706
	Miscellaneous	1,304
	Travel	<u>6,245</u>
	1996 Expenditure	1,062,868
	1995 Expenditure b/f	2,570,067
	1994 Expenditure b/f	2,185,219
	1993 Expenditure b/f	183,873
	1992 Expenditure b/f	<u>2,259</u>
	Total expenditure to date	<u>6,004,286</u>

(e)	Braer	£
	Compensation	(1,454)
	Fees	570,150
	Interest on loan from the Haven Major Claims Fund	41,850
	Miscellaneous	14,698
	Travel	<u>14,495</u>
	1996 Expenditure	639,739
	1995 Expenditure b/f	7,422,708
	1994 Expenditure b/f	21,644,025
	1993 Expenditure b/f	<u>14,642,826</u>
	Total expenditure to date	<u>44,349,298</u>
(f)	Kihnu	
	Fees	7,503
	Miscellaneous	<u>30</u>
	Total expenditure to date	<u>7,533</u>
(g)	Taiko Maru	
	1996 Expenditure	NIL
	1995 Expenditure	69,904
	1994 Expenditure	6,447,052
	1993 Expenditure b/f	<u>1,277,443</u>
	Total expenditure to date	<u>7,794,399</u>
(h)	Ryoyo Maru	
	Fees	2,597
	Miscellaneous	<u>10</u>
	1996 Expenditure	2,607
	1995 Expenditure b/f	58,216
	1994 Expenditure b/f	<u>66,768</u>
	Total expenditure to date	<u>127,591</u>
(i)	Keumdong N°5	
	Compensation	5,639,236
	Fees	133,907
	Miscellaneous	<u>179</u>
	1996 Expenditure	5,773,322
	1995 Expenditure b/f	209,139
	1994 Expenditure b/f	3,468,933
	1993 Expenditure b/f	<u>1,009,465</u>
	Total expenditure to date	<u>10,460,859</u>

(j)	Seki	£
	Fees	30,228
	Miscellaneous	<u>18</u>
	1996 Expenditure	30,246
	1995 Expenditure b/f	<u>6,607</u>
	Total expenditure to date	<u>36,853</u>
(k)	Iliad	
	1996 Expenditure	NIL
	1995 Expenditure b/f	NIL
	1994 Expenditure b/f	<u>125</u>
	Total expenditure to date	<u>125</u>
(l)	Toyotaka Maru	
	Compensation	125,189
	Fees	16,242
	Miscellaneous	<u>92</u>
	1996 Expenditure	141,523
	1995 Expenditure b/f	<u>5,571,189</u>
	Total expenditure to date	<u>5,712,712</u>
(m)	Sung II	
	Fees	1,826
	Miscellaneous	<u>1</u>
	1996 Expenditure	1,827
	1995 Expenditure b/f	<u>73,053</u>
	Total expenditure to date	<u>74,880</u>
(n)	Dae Woong	
	Compensation	35,646
	Fees	1,209
	Miscellaneous	<u>16</u>
	1996 Expenditure	36,871
	1995 Expenditure b/f	<u>1,440</u>
	Total expenditure to date	<u>38,311</u>
(o)	Sea Prince	
	Compensation	2,000,000
	Fees	180,244
	Miscellaneous	<u>230</u>
	1996 Expenditure	2,180,474
	1995 Expenditure b/f	<u>128,415</u>
	Total expenditure to date	<u>2,308,889</u>

(p)	Yeo Myung	£
	Compensation	432,863
	Fees	154,689
	Miscellaneous	<u>69</u>
	1996 Expenditure	587,621
	1995 Expenditure b/f	<u>88,436</u>
	Total expenditure to date	<u>676,057</u>
(q)	Shinryu Maru N°8	
	Compensation	31,129
	Fees	5,017
	Miscellaneous	<u>85</u>
	Total expenditure to date	<u>36,231</u>
(r)	Senyo Maru	
	Compensation	2,246,934
	Fees	273,821
	Miscellaneous	1,508
	Travel	<u>904</u>
	Total expenditure to date	<u>2,523,167</u>
(s)	Yuil N°1	
	Compensation	5,959,273
	Fees	313,035
	Interest on loan from the General Fund	8,306
	Miscellaneous	<u>286</u>
	1996 Expenditure	6,280,900
	1995 Expenditure b/f	<u>1,355,446</u>
	Total expenditure to date	<u>7,636,346</u>
(t)	Honam Sapphire	
	Fees	9,594
	Miscellaneous	<u>156</u>
	Total expenditure to date	<u>9,750</u>
(u)	Sea Empress	
	Fees	995,505
	Interest on loan from the General Fund	113
	Miscellaneous	6,266
	Travel	<u>8,754</u>
	Total expenditure to date	<u>1,010,638</u>

(v)	<i>N°1 Jung Yung</i>	£
	Fees	3,412
	Miscellaneous	<u>3</u>
	Total expenditure to date	<u><u>3,415</u></u>

SCHEDULE III

DETAILS OF CONTINGENT LIABILITIES OF THE 1971 FUND AS AT 31 DECEMBER 1996

1 There are contingent liabilities of the 1971 Fund estimated at £276,846,632 with regard to 20 incidents as at 31 December 1996.

2 Details of the contingent liabilities, given in rounded figures, are as follows.

(a)	<i>Vistabella</i> (7.3.1991)	£
	Lawyers' fees	<u>40,000</u>
		<u>40,000</u>
(b)	<i>Haven</i> (11.4.1991)	£
	<u>Compensation</u>	
	Maximum amount available under the 1971 Fund Convention (Lit 102,643,800,000)	39,447,590
	<u>Minus</u>	
	1969 CLC Limit (Lit 23,950,220,000)	9,204,440
	Payments made by the 1971 Fund (Lit 1,582,341,690 + Ffr 10,659,305)	<u>2,048,108</u>
		28,195,042
	<u>Plus</u>	
	Indemnification (Lit 9,694,137,236)	3,725,600
	Lawyers' fees	800,000
	Surveyors' fees	<u>200,000</u>
		<u>32,920,642</u>
(c)	<i>Aegean Sea</i> (3.12.1992)	£
	<u>Compensation</u>	
	Maximum amount available under the 1971 Fund Convention (Pts 9,407,280,000)	42,261,490
	<u>Minus</u>	
	Compensation paid by the 1971 Fund (Pts 835,556,093 and US\$8,625)	4,126,408
	1969 CLC Limit (Pts 1,121,219,450)	<u>5,036,990</u>
		33,098,092

	<u>Plus</u>	
	Indemnification (Pts 280,304,863)	1,259,250
	Lawyers' fees	400,000
	Surveyors' fees	<u>300,000</u>
		<u>35,057,342</u>
(d)	Braer (5.1.1993)	£
	<u>Compensation</u>	
	Maximum amount available under the 1971 Fund Convention	50,811,290
	<u>Minus</u>	
	Compensation paid by the 1971 Fund	40,645,430
	1969 CLC Limit	<u>5,500,000</u>
		4,665,860
	<u>Plus</u>	
	Indemnification	1,375,000
	Lawyers' fees	800,000
	Surveyors' fees	<u>200,000</u>
		<u>7,040,860</u>
(e)	Kihnu (16.1.1993)	£
	<u>Compensation</u>	
	Claims (FM 713,055)	90,400
	<u>Plus</u>	
	Lawyers' fees	<u>30,000</u>
		<u>120,400</u>
(f)	Keumdong N°5 (27.9.1993)	£
	<u>Compensation</u>	6,130,480
	Claims (Won 8,870,195,909)	
	<u>Plus</u>	
	Indemnification (Won 19,414,686)	13,400
	Lawyers' fees	150,000
	Surveyors' fees	<u>150,000</u>
		<u>6,443,880</u>

(g)	<i>Iliad</i> (9.10.1993)	£
	<u>Compensation</u>	
	Claims (Drs 4,505 million)	10,670,420
	<u>Minus</u>	
	1969 CLC Limit (Drs 1,496,533,000)	<u>3,544,650</u>
		7,125,770
	<u>Plus</u>	
	Indemnification (Drs 374,133,250)	886,160
	Lawyers' fees	100,000
	Surveyors' fees	<u>100,000</u>
		<u>8,211,930</u>
(h)	<i>Seki</i> (30.3.1994)	£
	Lawyers' fees	<u>50,000</u>
		<u>50,000</u>
(i)	Spill from unknown source in Morocco (30.11.1994)	£
	<u>Compensation</u>	
	Claims (Dhr 2,589,184)	172,810
	<u>Plus</u>	
	Lawyers' fees	<u>50,000</u>
		<u>222,810</u>
(j)	<i>Dae Woong</i> (27.6.1995)	£
	<u>Compensation</u>	
	Claims (Won 100 million)	69,110
	<u>Plus</u>	
	Lawyers' fees	<u>10,000</u>
		<u>79,110</u>
(k)	<i>Sea Prince</i> (23.7.1995)	£
	<u>Compensation</u>	
	Maximum amount available under the 1971 Fund Convention (60 million SDR = Won 72,835,800,000)	50,339,210

<u>Minus</u>	
Compensation paid by the 1971 Fund (£2 million)	2,000,000
1969 CLC Limit (Won 16,995,020,000)	<u>11,745,820</u>
	36,593,390
<u>Plus</u>	
Indemnification (Won 6,879,341,310)	4,754,540
Lawyers' fees	200,000
Surveyors' fees	<u>400,000</u>
	<u>41,947,930</u>
(l) Yeo Myung (3.8.1995)	£
<u>Compensation</u>	
Claims (Won 7,530 million)	5,204,230
<u>Minus</u>	
1969 CLC Limit (Won 22,280,471)	<u>15,400</u>
	5,188,830
<u>Plus</u>	
Indemnification (Won 5,570,118)	3,850
Lawyers' fees	100,000
Surveyors' fees	<u>200,000</u>
	<u>5,492,680</u>
(m) Shinryu Maru (4.8.1995)	£
<u>Compensation</u>	
Claims (\$10,000)	<u>5,840</u>
	<u>5,840</u>
(n) Senyo Maru (3.9.1995)	£
Indemnification (¥5,012,855)	25,240
Lawyers' fees	<u>20,000</u>
	<u>45,240</u>
(o) Yuil N°1 (21.9.1995)	£
<u>Compensation</u>	
Maximum amount available under the 1971 Fund Convention (60 million SDR = Won 72,835,800,000)	50,339,210

<u>Minus</u>	
Compensation paid by the 1971 Fund (Won 6,665,560,293 and US\$ 972,471)	5,959,272
1969 CLC Limit (Won 256,892,219)	<u>177,550</u>
	44,202,388
<u>Plus</u>	
Indemnification (Won 64,223,055)	44,390
Lawyers' fees	200,000
Surveyors' fees	<u>400,000</u>
	<u>44,846,778</u>
(p) Honam Sapphire (17.11.1995)	£
<u>Compensation</u>	
Maximum amount available under the 1971 Fund Convention (60 million SDR = Won 72,835,800,000)	50,339,210
<u>Minus</u>	
1969 CLC Limit (Won 16,995,020,000)	<u>11,745,820</u>
	38,593,390
<u>Plus</u>	
Indemnification (Won 6,879,314,310)	4,754,540
Lawyers' fees	100,000
Surveyors' fees	<u>200,000</u>
	<u>43,647,930</u>
(q) Sea Empress (15.2.1996)	£
<u>Compensation</u>	
Maximum amount available under the 1971 Fund Convention (60 million SDR)	50,811,290
<u>Minus</u>	
1969 CLC Limit	<u>8,000,000</u>
	42,811,290
<u>Plus</u>	
Indemnification	2,000,000
Lawyers' fees	200,000
Surveyors' fees	<u>500,000</u>
	<u>45,511,290</u>

(r)	<i>Kugenuma Maru</i> (6.3.1996)	£
	<u>Compensation</u>	
	Claims (¥1,981,403)	9,980
	<u>Minus</u>	
	1969 CLC Limit (¥1,197,267)	<u>6,030</u>
		3,950
	<u>Plus</u>	
	Indemnification (¥299,317)	1,510
	Surveyors' fees	<u>1,000</u>
		<u>6,460</u>
(s)	<i>Kriti Sea</i> (9.8.1996)	£
	<u>Compensation</u>	
	Claims (Drs 2,000 million)	4,737,150
	<u>Minus</u>	
	1969 CLC Limit (Drs 2,241 million)	<u>5,307,970</u>
		(570,820)
	<u>Plus</u>	
	Indemnification (Drs 560 million)	1,326,400
	Lawyers' fees	50,000
	Surveyors' fees	<u>50,000</u>
		<u>855,580</u>
(t)	<i>N°1 Yung Jung</i> (15.8.1996)	£
	<u>Compensation</u>	
	Claims (Won 6,000 million)	4,146,800
	<u>Minus</u>	
	CLC Limit (Won 90,413,506)	<u>62,490</u>
		4,084,310
	<u>Plus</u>	
	Indemnification (Won 22,603,377)	15,620
	Lawyers' fees	100,000
	Surveyors' fees	<u>100,000</u>
		<u>4,299,930</u>

3 Out of these contingent liabilities, a total of £1,322,600 has been liquidated as at 30 April 1997. This amount relates mainly to the payment of compensation in respect of the *Kihnu* incident and to the payment of fees in respect of the *Haven*, *Aegean Sea*, *Braer*, *Sea Prince* and *Sea Empress* incidents.

4 The assessment of contingent liabilities in respect of the *Haven* incident presents a special problem.

As a result of the *Haven* incident, claims which at 31 December 1996 totalled Lit 1,648,435 million (£634 million) plus FF79,872,311 (£9.0 million) had been submitted to the Court of first instance in Genoa (Italy). In addition, there are non-quantified claims relating to damage to the marine environment.

The 1971 Fund's position is that the maximum amount of 900 million (gold) francs payable under Article 4.4 of the 1971 Fund Convention (including any amount paid by the shipowner under the 1969 Civil Liability Convention) should be converted into national currency on the basis of 15 (gold) francs equal to one Special Drawing Right (SDR) of the International Monetary Fund.

In 1992, a judge of the Court of first instance in Genoa in charge of the limitation proceedings rendered a decision according to which the maximum amount payable by the 1971 Fund should be calculated by the application of the free market value of gold, giving an amount of Lit 771,397,947,400 (approximately £296 million), instead of Lit 102,643,800,000 (approximately £39 million) as maintained by the 1971 Fund, calculated on the basis of the SDR.

This decision was upheld by the Court of first instance and, on 30 March 1996, by the Court of Appeal in Genoa. The 1971 Fund has appealed against the Court of Appeal's judgement to the Supreme Court of Cassation.

In October 1994, at its 40th session, the Executive Committee took the view that the majority of the claims arising out of the *Haven* incident were time-barred vis-à-vis the 1971 Fund on or shortly after 11 April 1994, in the light of the provisions of Article VIII of the 1969 Civil Liability Convention and Article 6.1 of the 1971 Fund Convention. Being convinced of the legal validity of the 1971 Fund's position in respect of the time-bar issue, the Executive Committee, nevertheless, recognised that the on-going legal proceedings in Italy gave rise to some uncertainty as regards the final outcome of this issue. For this reason, and conscious of the desirability of victims of pollution damage being compensated, the Committee instructed the Director to enter into negotiations with all the parties concerned for the purpose of arriving at a global solution of all outstanding claims and issues. The Committee emphasised that any such solution must respect *inter alia* the following conditions:

- (i) the maximum amount payable under the 1969 Civil Liability Convention and the 1971 Fund Convention was 60 million SDR;
- (ii) claims could only be admissible if a claimant had suffered a quantifiable economic loss and claims for damage to the marine environment per se were not admissible.

At its 43rd session, held in June 1995, the Executive Committee instructed the Director to continue the negotiations with the claimants and authorised the Director to agree, on behalf of the 1971 Fund, to a global settlement within the framework of the amount of some Lit 137,000 million (£53 million) being made available to victims, subject to certain terms and conditions.

This amount was calculated as follows:

	Lit
60 million SDR	102,643,800,000
Interest on the shipowner's limitation fund calculated at the legal rate of 10% per annum (approximate)	<u>10,000,000,000</u>
<i>Sub-total</i>	112,643,800,000
Additional amount offered as an <i>ex gratia</i> payment by the shipowner and his P & I insurer (the United Kingdom Mutual Steam Ship Assurance Association (Bermuda) Ltd (UK Club)	<u>25,000,000,000</u>
<i>Total</i>	<u>137,643,800,000</u>

At its 18th session held in October 1995, having had no further reaction by the Italian Government on the offer of a global settlement made by the shipowner/UK Club and the 1971 Fund, the Assembly interpreted this to mean that the offer had not been accepted by the Italian Government. The Assembly stated that any further initiative towards a global settlement must be taken by the claimants, including the Italian Government.

At the 19th session of the Assembly held in October 1996, the Assembly instructed the Director to explore, with the Italian Government and the UK Club, the possibility of arriving at a global settlement which, as regards the 1971 Fund, fell within the maximum amount of compensation available, ie the difference between 60 million SDR and 14 million SDR, minus the amounts which the 1971 Fund had paid or might have to pay to other claimants.

By the end of 1996 the shipowner/UK Club had settled and paid almost all claims from individuals and small businesses and most of the claims for the clean-up operations, leaving as the main outstanding claim that of the State of Italy. Agreements on quantum had been reached by the 1971 Fund with the French Government and all other French public bodies and with the Principality of Monaco.

The Director has pursued the efforts to reach a global settlement, together with the UK Club. So far, no global settlement has been reached, since no agreement has yet been concluded with the Italian Government.

On 5 April 1996, the judge in charge of the limitation proceedings in the Court of first instance in Genoa rendered a decision in which he determined the admissible claims for compensation. The judge admitted claims totalling approximately Lit 186,000 million (£71 million), plus interest and compensation for devaluation. The 1971 Fund has lodged opposition to this decision in respect of a number of issues, in particular in respect of the judge's admission of the Italian Government's claim for environmental damage for an amount of Lit 40,000 million (£15 million) and in respect of the time-bar issue.

5 With respect to the *Aegean Sea and Sea Prince* incidents, the total amount of the claims exceeds by far the maximum amount of compensation available under the 1971 Fund Convention, viz 60 million SDR (£50.8 million). As for the *Yuil N°1, Honam Sapphire and Sea Empress* incidents, it is possible that the total amount of the claims will exceed the maximum amount of compensation available under that Convention.

6 Concerning the *Aegean Sea* incident, claims totalling £110 million have been presented to the Spanish Criminal Court of first instance. A number of claimants have indicated that they will present claims at a later stage in civil proceedings, for a total of £120 million. Claims have been paid for a total of Pts 1,617 million

(£8.2 million), out of which the 1971 Fund has paid Pts 835 million (£4.2 million) and the shipowner's P & I insurer Pts 782 million (£4.0 million). In a judgement rendered on 30 April 1996 the Criminal Court considered that in respect of most of the claims there was not sufficient evidence for it to assess the quantum of the damage suffered and, for this reason, referred most of the claims to the procedure for the execution of the judgement. The total of the claims which the Court found substantiated by acceptable evidence was £3.8 million. Appeals have been lodged against the judgement by a number of parties, including the 1971 Fund.

7 With regard to the *Braer* incident, as at 31 December 1996 claims had been approved, wholly or partly, for a total amount of £47.5 million, out of which £45.5 million had been paid. Legal actions have been taken against the shipowner, the P & I insurer and the 1971 Fund in the Scottish courts in respect of claims totalling some £72 million. Further claims were time-barred on or shortly after 5 January 1996.

Some of the claimants took legal action to preserve their right, so as to enable them to continue discussions for the purpose of arriving at out-of-court settlements. The majority of the claims subject to the court proceedings have been rejected by the 1971 Fund, however, on the basis of decisions taken by the Executive Committee.

8 Concerning the *Kihnu* incident, the only claim submitted, that of the Finnish Government, was settled in February 1997 at FM 543,618 (£68,900), and the settlement amount was paid by the 1971 Fund in April 1997.

9 In respect of the *Keumdong N°5* incident, agreement has been reached with all remaining claimants that their claims will not exceed Won 55,000 million (£38 million).

10 As for the *Dae Woong* incident, all known claims have been settled and paid. It cannot be ruled out, however, that further claims will be submitted.

11 Very high amounts in lawyers' and surveyors' fees have been included in the contingent liabilities in respect of the *Haven*, *Aegean Sea*, *Braer*, *Keumdong N°5*, *Sea Prince*, *Yeo Myung*, *Yuil N°1*, *Honam Sapphire* and *Sea Empress* incidents. The amounts have been estimated on the basis of the complexity of the cases and the likely volume of work to be carried out.

12 The incidents in respect of which over the years the 1971 Fund has been, or may be, obliged to make payments are set out in the 1971 and 1992 Funds "Annual Report 1996".

EVENTS AFTER THE END OF THE FINANCIAL PERIOD

On 2 January 1997, a major oil pollution incident involving the Russian tanker *Nakhodka* occurred in the Sea of Japan. This incident is expected to give rise to claims exceeding the maximum amount available under the 1969 Civil Liability Convention and the 1971 Fund Convention (60 million SDR, corresponding to £50.8 million).