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COMPENSATION
FUND 1971

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**FINANCIAL STATEMENTS
AND
AUDITOR'S REPORT AND OPINION**

Note by the Director

Summary:	The Financial Statements and the Auditor's Report and Opinion are set out.
Action to be taken:	Approval of accounts.

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 1998. 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 1998. 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 1998 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 1998**

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 The following financial statements for the period 1998 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 1998
Statement II	Income and Expenditure Account in respect of the General Fund for the Financial Period 1 January - 31 December 1998
Statement III	Income and Expenditure Account in respect of the <i>Senyo Maru</i> Major Claims Funds for the Financial Period 1 January - 31 December 1998
Statement IV	Income and Expenditure Account in respect of the <i>Haven, Aegean Sea and Braer</i> Major Claims Funds for the Financial Period 1 January - 31 December 1998
Statement V	Income and Expenditure Account in respect of the <i>Keumdong N°5, Sea Empress and Nakhodka</i> Major Claims Funds for the Financial Period 1 January - 31 December 1998
Statement VI	Income and Expenditure Account in respect of the <i>Sea Prince, Yeo Myung and Yuil N° 1</i> Major Claims Funds for the Financial Period 1 January - 31 December 1998
Statement VII	Income and Expenditure Account in respect of the <i>Nissos Amorgos and Osung N°3</i> Major Claims Funds for the Financial Period 1 January - 31 December 1998
Statement VIII	Provident Fund Account for the Financial Period 1 January - 31 December 1998
Statement IX	Balance Sheet of the 1971 Fund as at 31 December 1998
Statement X	Cash Flow Statement for the Financial Period 1 January - 31 December 1998.

1.3 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 1998 and on contributions outstanding for previous financial periods

Schedule II Report on Payment of Claims for the Financial Period 1 January - 31 December 1998

Schedule III Details of Contingent Liabilities as at 31 December 1998.

1.4 The 1992 Fund Secretariat was established on 16 May 1998, the date on which the compulsory denunciations of the 1969 Civil Liability Convention and the 1971 Fund Convention took effect. It was decided by the 1971 Fund and 1992 Fund Assemblies that the 1992 Fund Secretariat, from that date, would administer also the 1971 Fund (documents 71FUND/A.19/30, paragraph 11.3 and 92FUND/ES.1/22, paragraph 6.2).

1.5 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.

1.6 The majority of the 1971 Fund's assets and liabilities at the end of 1998 financial period were held in Pounds Sterling. Gains or losses arising from foreign currency exchange transactions during the relevant accounting period are treated as normal items of operation. However, in relation to the *Nakhodka* and *Haven* Major Claims Funds, Japanese Yen, Italian Lira and French Francs were bought for sterling and invested. Any gains or losses at the end of the financial year arising from these deposits were credited or debited to the respective Major Claims Fund. To ensure consistency of the treatment of the exchange differences, a prior year adjustment was made in 1998 in respect of the *Nakhodka* Major Claims Fund (see Note 1(j) and Note 9 to the Financial Statements).

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 1998 (Statement I)

The 1971 Fund Assembly and the 1992 Fund Assembly, at their 20th session and 2nd session, respectively, decided that the cost of running the joint Secretariat should, for the period 1 January to 31 December 1998, be distributed with 60% to be paid by the 1971 Fund and 40% by the 1992 Fund (documents 71FUND/A.20/30, paragraph 23.1 and 92FUND/A.2/29, paragraph 24.1). The exceptions from this distribution are set out in Note 8 to the Financial Statements. 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 appropriations of the 1971 Fund Budget 1998, 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 £1,573,214 as compared with the appropriation of £2,042,920. The savings amount accordingly to £469,706.

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 £890,133 as compared with the appropriation of £1,155,395, resulting in a saving of £265,262. The saving was made out of various appropriations as follows: £143,280 from Salaries, £41,369 from Separation and recruitment, £80,613 from Staff benefits and allowances.

The saving was mainly due to some posts approved by the Assembly at its 4th extraordinary session not being filled within the financial year. The posts of one professional staff and two general service staff members remain vacant and the position of the Head of the Claims Department was filled only in late 1998.

II General services

The total expenditure on General Services was £330,416 as compared with the appropriation of £395,300, resulting in a saving of £64,884.

The saving of £18,099 on Rent of office accommodation was due to the fact that the additional office space budgeted for was not made available.

The appropriation of £26,600 for Other supplies and services was exceeded by £328. The small excess was met by a transfer from the appropriation for Office stationery and supplies within the same chapter.

III Meetings

The total expenditure on Meetings was £51,165 as compared with the appropriation of £118,100, resulting in a saving of £66,935. The saving was due mainly to fewer meetings being held in 1998 than envisaged. No Intersessional Working Group session was held, whereas the budget had included appropriations for two such sessions, and the 1971 Fund Executive Committee held one extra session less than included in the budget appropriations. No extra 1992 Fund Assembly or Executive Committee session was held for which an appropriation of £15,300 had been made.

The appropriation for the Autumn Assembly /Executive Committee sessions was exceeded by £9,460. The excess was met by a transfer from the appropriation for further sessions of the 1971 Fund Executive Committee within the same chapter.

IV Conferences and travel

(a) Conferences and seminars

The Secretariat participated in various conferences and seminars during 1998. 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.

The appropriation of £20,000 for Conferences was exceeded by £2,102. The excess was met by a transfer from the appropriation for Mission within the same chapter.

(b) Mission

The Director and other officers went on mission to ten States.

V Miscellaneous expenditure

The total expenditure under this head was £269,532, as compared with the appropriation of

£274,125, resulting in a saving of £4,593.

VI Unforeseen expenditure

There was no expenditure under this Chapter in 1998.

2.2 Income and Expenditure Account in respect of the General Fund for the Financial Period 1 January - 31 December 1998 (Statement II)

I Income

(a) Contributions

At its 20th session the Assembly decided to reduce the 1971 Fund's working capital from £10 million to £5 million (document 71FUND/A.20/30, paragraph 25). As a result, an amount of £2 million was to be refunded to contributors, after taking into account estimated General Fund expenditure for 1998. The amount actually refunded during the financial period was £1,972,491. Further credit notes will be issued as outstanding oil reports are submitted or following the adjustment of certain oil reports by Member States.

The amount £366,977 represents adjustment to prior years' assessments of contributions (see Note 3 to the Financial Statements).

Details of contributions receivable as at 31 December 1998 are given in Schedule I.

(b) Miscellaneous

The major part of the income under this head consisted of interest earned on the investment of the 1971 Fund's assets. The investment income of £576,220 exceeded the 1998 budget estimate of £500,000 by £76,220.

II Expenditure

The total expenditure was £3,309,103 representing Secretariat expenditure of £954,789 in respect of the 1971 Fund, compensation payments of £1,455,954 and claims related expenses (fees, travel and miscellaneous) of £898,360.

III Shortfall of income over expenditure

After allowing for an exchange gain of £10,797 (see Note 9 to the Financial Statements), there was a net deficit of £4,033,642 for the financial period ended 31 December 1998.

2.3 Income and Expenditure Account in respect of Major Claims Funds for the Financial Period 1 January - 31 December 1998 (Statement III - Statement VII)

There were thirteen Major Claims Funds in 1998, including the *Vistabella* Major Claims Fund, for which no levy has been made. Details of income and expenditure are given in Statements III-VII for the other twelve Major Claims Funds.

I Income

(a) Surplus on *Senyo Maru* Major Claims Funds (Statement III)

At its 20th session, the Assembly took note of the fact that all claims and expenses arising out of the *Senyo Maru* incident had been paid. The Assembly decided, pursuant to Financial Regulation 4.4, that £2,800,000 should be reimbursed to the contributors to this Major Claims Fund

on the date of the payment of contributions (1 February 1998), and that the balance on the Major Claims Fund should be transferred to the General Fund (document 71FUND/A.20/30, paragraph 26.3).

On 1 February 1998 reimbursements of £2,776,162 was made to contributors of the Major Claims Fund, and the balance of £201,533 was transferred to the General Fund .

(b) Haven, Aegean Sea and Braer Major Claims Funds (Statement IV)

At its 20th session, the Assembly decided not to make any levy in the form of 1997 annual contributions to the *Haven, Aegean Sea and Braer* Major Claims Funds (document 71FUND/A.20/30, paragraph 26.10).

(c) Keumdong N°5, Sea Empress and Nakhodka Major Claims Funds (Statement V)

At its 20th session, the Assembly decided to levy 1997 annual contributions of £35 million to the *Nakhodka* Major Claims Fund of which £30 million was payable by 1 February 1998 and £5 million was deferred (document 71FUND/A.20/30, paragraphs 26.6 and 26.7). An amount of £29,810,924 was invoiced in respect of this Major Claims Fund, and further invoices will be issued as outstanding oil reports are submitted or following the adjustment of certain oil reports by Member States. The authorisation to make a deferred levy was not used by the Director.

The Assembly decided not to make any levy in the form of 1997 annual contributions to the *Keumdong N°5* and *Sea Empress* Major Claims Funds (document 71FUND/A.20/30, paragraph 26.10).

(d) Sea Prince, Yeo Myung and Yuil N°1 Major Claims Funds (Statement VI)

The Assembly decided at its 20th session to levy £14 million in the form of 1997 contributions to the *Sea Prince*, *Yeo Myung* and *Yuil N°1* Major Claims Funds of which £10 million related to the *Sea Prince* incident, £4 million to the *Yuil N°1* incident and nil to the *Yeo Myung* incident. It was also decided that part of the levy relating to the *Sea Prince* and the entire levy relating to the *Yuil N°1*, £7 million and £4 million, respectively, should be deferred (document 71FUND/A.20/30, paragraphs 26.6 and 26.7). Contributions of £3 million were levied for the *Sea Prince* Major Claims Fund for payment by 1 February 1998. Invoices issued actually totalled £2,974,310. Further invoices will be issued as outstanding oil reports are submitted or following the adjustment of certain oil reports by Member States. The authorisation to make a deferred levy for the *Sea Prince* and *Yuil N°1* Major Claims Funds was not used by the Director.

(e) Nissos Amorgos and Osung N°3 Major Claims Funds (Statement VII)

At its 20th session, the Assembly decided to levy 1997 annual contributions of £5 million to the *Nissos Amorgos* Major Claims Fund and £10 million to the *Osung N°3* Major Claims Fund of which £3 million and £8 million respectively were deferred (document 71FUND/A.20/30, paragraphs 26.6 and 26.7). Invoices were issued for £1,983,912 in respect of each incident for payment by 1 February 1998. Further invoices will be issued as outstanding oil reports are submitted or following the adjustment of certain oil reports by Member States. The authorisation to make a deferred levy to these Major Claims Funds was not used.

(f) Major Claims Funds - Other income

Contributions were levied or refunded on the basis of reports on contributing oil receipts in previous years and after clarification of oil receipts. The total levy was £1,536,987 and the total refund £235,635. A breakdown of the adjustments by State is given in Note 3 to the Financial Statements.

Interest on investments amounted to £9,341,780 for the Major Claims Funds. Individual

amounts are given in the respective statements and in Note 7 to the Financial Statements.

Interest on overdue contributions amounts to £96,291. A breakdown by Major Claims Fund is given in the respective statements.

II Major Claims Funds - Expenditure

(a) A total of £24,731,081 was paid in compensation from seven Major Claims Funds, consisting mainly of payments in respect of the following incidents:

<i>Agean Sea</i>	£ 1,052,359
<i>Sea Empress</i>	£ 2,350,654
<i>Nakhodka</i>	£ 5,463,564
<i>Sea Prince</i>	£ 4,086,510
<i>Yuil N°1</i>	£ 6,798,140
<i>Osung N°3</i>	£ 4,832,713

(b) Fees and related costs amount to £3,729,759 consisting mainly of the following:

<i>Haven</i>	£ 220,872
<i>Aegean Sea</i>	£ 250,201
<i>Braer</i>	£ 253,493
<i>Keumdong N°5</i>	£ 101,562
<i>Sea Empress</i>	£ 483,803
<i>Nakhodka</i>	£1,498,285
<i>Sea Prince</i>	£ 564,815
<i>Yuil N°1</i>	£ 243,831

2.4 Provident Fund Account for the Financial Period 1 January - 31 December 1998 (Statement VIII)

I At their 20th session and 2nd session, respectively, the Assemblies of the 1971 Fund and the 1992 Fund decided that those staff members who wished to do so would be entitled to transfer their respective shares of the 1971 Fund Provident Fund (or part thereof) to the 1992 Fund's Provident Fund in conjunction with the transfer of the Secretariat functions (documents 71FUND/A.20/30, paragraph 12.5 and 92FUND/A.2/29, paragraph 13.6).

II The sum of £716,083, being the staff members' share of the 1971 Provident Fund (or part thereof), including interest, was transferred on 16 May 1998 to the 1992 Provident Fund.

III Contributions to the Provident Fund during the period 1 January to 15 May 1999, in accordance with Staff Regulation 23(b) and Staff Rule VIII.5, amounted to £60,428 of which £19,911 was the participants' share. Interest earned during the period on the total Provident Fund was £26,942.

IV A sum of £276,653 was withdrawn by staff members in connection with the transfer of the Secretariat to the 1992 Fund.

2.5 Balance Sheet as at 31 December 1998 (Statement IX)

I Cash at bank and in hand

The figure of £154,999,522 is made up of the following balances:

	£
General Fund	5,806,515
Contributors' Account	157,913
<i>Haven</i> Major Claims Fund	31,597,149
<i>Aegean Sea</i> Major Claims Fund	38,918,748
<i>Braer</i> Major Claims Fund	6,500,493
<i>Keumdong N°5</i> Major Claims Fund	7,579,020
<i>Sea Empress</i> Major Claims Fund	21,903,191
<i>Nakhodka</i> Major Claims Fund	14,211,127
<i>Sea Prince</i> Major Claims Fund	18,174,908
<i>Yeo Myung</i> Major Claims Fund	2,949,527
<i>Yuil N°1</i> Major Claims Fund	5,133,692
<i>Nissos Amorgos</i> Major Claims Fund	2,067,239
	<u>154,999,522</u>

As for the distribution of the aggregate balance between various financial institutions reference is made to Note 14 (a) to the Financial Statements.

II Contributions outstanding

The amount of £1,850,517 represents the outstanding balances of contributions levied from 1989 to 1996 plus initial contributions, as summarised in Schedule I. This amount includes contributions due by one contributor in liquidation (see Note 15 to the Financial Statements).

III Due from *Vistabella* Major Claims Fund

The figure of £412,722 represents a total loan of £321,454 taken by the *Vistabella* Major Claims Fund from the General Fund for the period 1994-1998, pending the receipt of contributions in respect of this Major Claims Fund, plus interest of £67,915 for the period 1994 -1997 and £23,353 for 1998. 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 £412,722, 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.

IV Due from *Osung N°3* Major Claims Fund to *Aegean Sea* Major Claims Fund

The figure of £2,832,295 represents a total loan in 1998 to the *Osung N°3* Major Claims Fund from the *Aegean Sea* Major Claims Fund pending the receipt of further contributions in respect of the *Osung N°3* Major Claims Fund, plus interest of £2,729. This loan will be reimbursed to the *Aegean Sea* Major Claims Fund from the *Osung N°3* Major Claims Fund on receipt of further contributions.

In the context of a consolidated Balance Sheet, the amount of £2,832,295, which represents the balance due from the *Osung N°3* Major Claims Fund account to the *Aegean Sea* Major Claims Fund, is treated as an asset rather than as a deduction from the accumulated surplus on the *Aegean Sea* Major Claims Fund account.

V Tax recoverable

The amount of £98,917 represents VAT for the second, third and fourth quarters of 1998 and Insurance Premium Tax to be refunded by the United Kingdom Government.

VI Miscellaneous receivable

The amount of £1,834, as itemised in Note 17 to the Financial Statements, will be duly reimbursed.

VII Interest on overdue contributions

The amount of £85,966 represents interest outstanding on only that portion of the overdue annual contributions paid by 31 December 1998 (cf Note 1 to the Financial Statements, Significant Accounting Policies, item (f)).

VIII Accounts payable

The amount of £14,556 was paid in early 1999.

IX Unliquidated obligations

The amount of £123,077 represents 1997 and 1998 expenditure outstanding at 31 December 1998 (cf Note 1 to the Financial Statements, Significant Accounting Policies, item (e)).

X Prepaid contributions

The amount of £122,967 represents 1998 annual contributions which were received in 1998 (ie before the due date of 1 February 1999).

XI Contributors' Account

There is an amount of £157,913 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.

XII Due to the 1992 Fund

The figure of £547,038 represents an amount due by the 1971 Fund to the 1992 Fund in respect of 1971 Fund administrative expenses for 1998 and 1992 Fund contributions held by the 1971 Fund. The 1971 Fund will reimburse the 1992 Fund in 1999.

XIII Due to Major Claims Funds

The balances due to the Major Claims Funds are set out below:

	£
<i>Haven</i>	31,798,545
<i>Aegean Sea</i>	39,033,430
<i>Braer</i>	6,561,979
<i>Keumdong N°5</i>	7,603,635
<i>Sea Empress</i>	22,031,946
<i>Nakhodka</i>	14,991,454
<i>Sea Prince</i>	18,337,254
<i>Yeo Myung</i>	2,969,971
<i>Yuil N°1</i>	5,262,865
<i>Nissos Amorgos</i>	2,111,451

XIV General Fund Balance

The figure of £8,613,692 represents the excess of Income over Expenditure in respect of the General Fund over the years.

2.6 Cash Flow Statement for the Financial Period 1 January - 31 December 1998 (Statement X)

I Operating activities

During the period ended 31 December 1998 a total amount of £40,626,603 was generated in cash and a total amount of £35,185,240 expended in the operation of the 1971 Fund. This resulted in a net cash figure of £5,441,363

The net current liabilities decreased by £138,743 during 1998 as follows:

	£	£
Accounts payable in 1998 for the 1997 period	31,213	
Contributions received in 1997 for the 1998 period	<u>245,053</u>	
Net current liabilities as at 1 January 1998		276,266
Accounts payable in 1999 for the 1998 period	14,556	
Contributions received in 1998 for the 1999 period	<u>122,967</u>	
Net current liabilities as at 31 December 1998		(137,523)
Decrease in net current liabilities in 1998		<u>138,743</u>

After decreasing the net cash figure of £5,441,363 by the figure of £138,743 relating to the decrease in net current liabilities, there was a net cash inflow of £5,302,620 from the 1971 Fund's operating activities.

II Returns on investments

There was a net cash inflow of £9,958,151 generated from interest received on the 1971 Fund's portfolio of investments (see note 7 to the Financial Statements). There was a return of £13,209 on the investment of the amount held in Contributors' Account which is included under interest on investments.

III Cash Balance

During the year there was a net cash inflow of £15,260,771 from various transactions. This was added to the balance of £139,738,751 brought forward from the 1997 financial period, resulting in a cash balance of £154,999,522 as at 31 December 1998.


Måns Jacobsson
Director

ANNEX II**REPORT OF THE EXTERNAL AUDITOR ON THE AUDIT OF THE ACCOUNTS OF THE
INTERNATIONAL OIL POLLUTION COMPENSATION FUNDS 1971 AND 1992 FOR THE
FINANCIAL PERIOD 1 JANUARY TO 31 DECEMBER 1998****PART ONE – INTRODUCTION****Scope of the Audit**

1. I have audited the financial statements of the International Oil Pollution Compensation 1971 Fund ("the 1971 Fund") and the International Oil Pollution Compensation 1992 Fund ("the 1992 Fund") for the financial period 1 January to 31 December 1998. My examination was carried out with due regard to the provisions of the 1971 Fund Convention and the 1992 Protocol to the 1971 Fund Convention, and to Regulation 13 of Funds' respective Financial Regulations. My audit has been conducted in conformity 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 financial statements are free of material misstatement. The Funds' joint Secretariat, comprising of the Director and his appointed staff, were responsible for preparing the financial statements, and I am responsible for expressing an opinion on them, based on evidence obtained in my audit.
2. In addition to my audit of the Funds' accounts, I have carried out reviews under the Funds' Financial Regulation 13.3 whereby I may make observations with respect to the administration and management of the Funds. In the circumstances of the eventual winding up of the 1971 Fund, and in the light of the continued interests of past members of this Fund who are now members of the 1992 Fund, I have issued a joint report that covers my observations on both Funds.

Structure of this Report

3. Following this introduction, my report is set out as follows:

Part 2 – Follow up on my previous year's Recommendations and Observations on the 1971 Fund

4. This section (paragraphs 10 to 27) sets out my comments on action taken by the Secretariat in response to my 1997 audit recommendations and observations on the 1971 Fund.

Part 3 – Audit Findings

5. This section details my findings in 1998 relating to:

- 1998 Claims expenditure (paragraphs 28 to 34);

- Winding up of the 1971 Fund (paragraphs 35 to 55); and
- Other financial matters (paragraphs 56 to 61).

Audit Objectives

6. The main purpose of the audit was to enable me to form an opinion as to whether the income and expenditure recorded in 1998 had been received and incurred for the purposes approved by the 1971 and 1992 Fund Assemblies; whether income and expenditure were properly classified and recorded in accordance with the Funds' Financial Regulations; and whether the financial statements presented fairly the Funds' financial positions as at 31 December 1998.

Audit Approach

7. My examination was based on a test audit, in which all areas of the financial statements were subject to direct substantive testing of the transactions and balances recorded. Finally an examination was carried out to ensure that the financial statements accurately reflected the 1971 and 1992 Funds' accounting records and were fairly presented.
8. My audit examination included a general review and such tests of the accounting records and other supporting evidence as I considered necessary in the circumstances. These audit procedures are designed primarily for the purpose of forming an opinion on the Funds' financial statements. Consequently, my work did not involve a detailed review of all aspects of the 1971 and 1992 Funds' budgetary and financial information systems, and the results should not be regarded as a comprehensive statement on them.

Overall Results

9. Notwithstanding the observations in this report, my examination revealed no weaknesses or errors which I considered material to the accuracy, completeness and validity of the Funds' respective financial statements as a whole. Accordingly, I have placed unqualified opinions on the 1971 and 1992 Funds' financial statements for 1998.

PART TWO – ACTION TAKEN BY THE SECRETARIAT IN RESPONSE TO MY PREVIOUS YEAR'S AUDIT RECOMMENDATIONS IN MY REPORT ON THE 1971 FUND

Introduction

10. For the 1997 financial year I reported on the findings arising from my review of claims and related expenditure. In particular, those issues arising from my staff's visits to the Milford Haven claims handling office for the Sea Empress incident and the Kobe claims handling office for the Nakhodka incident. I also commented on a number of other financial matters, including progress towards resolving the potential contingent liability relating to the Haven incident. I have followed up the main findings and recommendations made in last year's report in order to determine what action has been taken by the Secretariat in response.

Claims and Related Expenditure

11. The main issues underlying a number of my recommendations in this area were the need to ensure consistency in the treatment of claims and to support the transfer of best practice in claims handling between existing and future incidents. With this in mind, my recommendations sought to strengthen the guidance given to local claims handling offices and to enhance their overall management by the Secretariat.
12. On the need to strengthen the existing guidance provided to claims offices, I am pleased to note that an informal Working Group has been established on this matter. This has been set up between the Secretariat and members of the pollution sub-committee of the International Group of P&I Clubs and of the International Tanker Owners Pollution Federation in order to develop more formal guidelines, possibly in the form of a Claims Handling Office Manual.
13. I recommended that the Fund should review its criteria and procedures for making provisional payments, as well as incorporating guidance on this area in the proposed manual. In response, the Director has commented that he sees a great advantage if the process for making provisional payments could be simplified, so as to speed up these payments. However, he is concerned over the possibility that provisional payments might exceed the amount due for final payment and, for this reason, emphasises the need to obtain a fairly extensive report on assessments before provisional payments can be made. He also believes that the key element to complete the provisional assessment of clean-up claims speedily is to have sufficient surveyors and experts on site during clean-up operations. On the question of whether guidelines on provisional payments should be incorporated into the proposed manual, the Director has told me that the Working Group will consider this.

14. On the recommendation I made for improvement in the filing and documentation of claims expenditure at both the local claims offices and the Funds' headquarters, the Director has informed me that the requested improvements have been largely actioned.
15. The Director has told me that consideration will be given in the future to implementing my recommendation that the Fund should establish guidelines covering the structure and general content of assessment reports. However, with regard to my suggestion that these guidelines should also be incorporated in the proposed claims handling office manual, he feels that this may not be appropriate since claims handling staff are not the only persons engaged in the assessment of claims and would, therefore, prefer these guidelines to be separately documented.
16. With regard to the Nakhodka incident, I recommended that there was a need to resolve speedily the key issues of principle relating to the cost of the clean-up operations so that claim payments could be made without further delay. I also made more general recommendations concerning the need for early determination and resolution of key matters of principle in future claims. The Director has informed me that most of the outstanding issues of principle in relation to the clean-up operation of the Nakhodka incident have now been resolved. He also acknowledges that there would be an advantage if key principles could be identified at the initial stage of assessment. Although he will examine whether, for future major incidents, such matters could be identified and put before the Executive Committee at an earlier stage, the 1971 Fund's experience showed that this was not always possible in practice. For example, in many cases these issues of principle are not identified until after the related claim has been examined in some depth, and the timetable for laying down principles is largely dictated by the rate at which claims are generated and the frequency of Executive Committee sessions.
17. Concerning the management of local claims handling offices, I recommended that the Secretariat should be more fully involved in their administrative arrangements. In particular, by taking a lead in the establishment of the office, including the recruitment of staff employed; by providing day to day advice on management issues; and through actively reviewing operations. In response, the Director has informed me that it is an important task of the recently established post of Head of the Claims Department to strengthen the Secretariat's management of local claims offices and that the Secretariat have taken a more active role in their management, including regular visits by Secretariat staff. However, the Director wishes to give further thought to the extent of the Funds' managerial involvement, given that such offices are currently operated jointly with the P&I Club involved with the related incident.
18. In respect to my specific recommendation that the Fund should carry out a review of the heavy workload of the Kobe claims office, the Director has told me that the assessment completion timetable and staffing levels are kept under regular review. Since my staff's visit to the office in

August 1998, two additional surveyors and two more support staff were employed in October 1998 and a further surveyor, two more support staff and an accountant were recruited in January 1999.

19. With regard to my review of claims related expenditure, I made a number of recommendations concerning the use of experts by the Fund, including further detailing their terms of engagement, the level of information provided in support of their charges and the establishment of an expert and fees database.
20. I am pleased to note that the Director has initiated a database, which is expected to assist the Secretariat in its future selection of experts. The Director has also informed me that steps are being taken to agree contractual terms with experts and lawyers who are engaged on a more regular basis. Although the Director believes that, given the limited number of experts available with the appropriate experience and the immediacy with which their assistance is required, it may not always be possible to enter into detailed contractual negotiations with all experts and lawyers before they are appointed. However, they are now required to give a more detailed breakdown of the work carried out when submitting their invoices.
21. Despite the relatively short time since I made my report on the Fund's 1997 accounts, I welcome the very positive steps that the Secretariat has already taken to implement my recommendations on claims and related expenditure. My staff will continue to monitor this area of the Secretariat's work, including the outcome of the Working Group.

Other Financial Matters

Contingent Liabilities – Haven Incident

22. The 1971 Fund's contingent liabilities are disclosed in Schedule III to the financial statements and relate mostly to compensation claims for oil pollution damage. Under the 1971 Fund Convention, those liabilities which mature, will be met by contributions assessed by the 1971 Fund Assembly.
23. As disclosed in Schedule III to the financial statements, the 1971 Fund has assessed contingent liabilities of £306,909,000 as at 31 December 1998, compared with £390,555,000 in 1997. Of the total for 1998, £29,737,000 relates to the Haven incident, and represents payments in respect of the Haven incident, to the Italian State, the French State and the principality of Monaco of the balance of the maximum amount available under the 1971 Convention of 60 million Special Drawing Rights (SDR).
24. In my previous audits of the 1971 Fund, I have qualified my audit opinion on the Fund's financial statements as a result of the uncertainty surrounding the outcome of the court proceedings relating to the claims in respect of the Haven incident, which occurred in April 1991.

25. In the court proceedings a dispute arose as to the total amount available for compensation under the two applicable treaties – the 1969 Civil Liability Convention and the 1971 Fund Convention. Although the Italian Courts in Genoa were initially called upon to rule on the 1971 Fund's liability under the 1971 Fund Convention, in July 1998, the Italian Parliament adopted an Act authorising the Italian Government to conclude an agreement on a global settlement with the Fund, the ship owner and his insurer. The agreement required the parties to withdraw their legal actions in the Italian Courts and fixed the maximum amount available under the Conventions at 60 million SDR. This agreement, which was signed by all parties concerned in Rome on 4 March 1999, removed the uncertainty surrounding these proceedings and the need for me to continue to qualify my audit opinion in respect of the contingent liability for the Haven incident.

Recovery of VAT

26. As I noted in my previous report on the 1971 Fund's 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 £321,626 of value added tax should be repaid to the 1971 Fund. Although the financial statements do not record the amounts due for repayment, and to date no money has been repaid, the 1971 Fund still expects to receive a full refund.

Contributors in Liquidation

27. In my report on the 1971 Fund, I observed that £9,945 was due from a Dutch contributor that had gone into liquidation. The Director has informed me that there will be no payment made to the 1971 Fund from this contributor.

PART THREE – AUDIT FINDINGS

1998 Claims Expenditure

Introduction

28. In my previous year's audit of the 1971 Fund, I undertook an enhanced examination of the payment of claims and related expenditure. The objective of this examination was to test whether the Fund's claims handling procedures ensured that claims were treated equally and in accordance with the Fund's regulations and established procedures, and that claims and related expenditure are incurred in a cost-effective manner.
29. In Part two of my report, I have indicated the progress that the Secretariat have made to date in respect of the recommendations that I made following my review of 1997 expenditure. In their review of claims expenditure incurred in 1998, my staff took due account of the limited time that the Secretariat have had to consider and implement my earlier recommendations.

Background

30. Although the 1992 Fund continued to have no claims expenditure, the total of such expenditure for the 1971 Fund was £30,838,205 in 1998. The majority of this expenditure, some 79 per cent, related to four major incidents, as detailed in the Table below.

Table - 1971 Fund claims expenditure (1 January to 31 December 1998)

	Total Claims Expenditure	Percentage (of total)
	£	
Yuil No 1 (21/9/95)	7,041,971	23%
Nakhodka (2/1/97)	6,961,849	23%
Osung No 3 (3/4/97)	5,656,528	18%
Sea Prince (23/7/95)	4,651,325	15%
Other incidents	6,526,532	21%
TOTAL	30,838,205	100%

Audit Approach

31. My staff selected and examined a sample of claims made in 1998; covering all incidents for which payments had been made in the year. They reviewed the associated files and related documents held at the Fund's headquarters in London and interviewed key Secretariat staff, including the Legal

Counsel and the Head of the Claims Department. They also undertook an overall examination of the expenditure that has been incurred on the four major incidents, as detailed in the Table.

32. Further to the observations that arose from my 1997 review, I have detailed below some additional comments arising from my 1998 examination concerning supporting documentation and reconciliation of claims payments.

Supporting Documentation

33. In their review of the documentation supporting claims payments in respect of the four major incidents, my staff observed that, for the majority of claims paid out in 1998, the original claims documentation is not held by the Secretariat in London. I understand that, in accordance with established practice, this documentation is retained on location because the original claims documents in many cases are presented in languages which cannot be read by the Secretariat and claims officers do not need to regularly refer to them but make their review on the basis of the assessments made by the experts and surveyors who in turn have examined the original documents. The original documentation is therefore normally held at the local claims office (where one has been established) or at the offices of the local experts involved in processing the claims. However, the major part of the original documentation relating to the operation to remove the oil from the Yuil No 1 and Osung No 3, which had been prepared in English, is held by the Secretariat and these operations gave rise to the major part of the claims paid in 1998 for these incidents.
34. On the basis of: their test examination of the available original claims documentation and experts' assessments held by the Secretariat; their review of procedures followed by the Secretariat; and their observation of local claims processing during their 1998 visit to the Nakhodka incident local claims handling office, my staff are satisfied that claims expenditure properly reflects the original supporting documentation. Nevertheless, for future audits, my staff have agreed with the Secretariat that an early decision should be taken on whether an audit visit is required to the local claims handling office, or local expert, to examine the original supporting documentation and to discuss the procedures being followed locally in the processing of the documentation.

Winding up of the 1971 Fund

Introduction

35. The Secretariat have expressed their concern to me about the legal and logistical difficulties relating to the continued operation of the 1971 Fund, and have asked for my advice on what further measures could be taken to facilitate the winding up of the Fund. Accordingly, I have undertaken a review of the consequences for the Fund of its reducing membership, in particular, on the financial management and stewardship of its net assets.

Background

36. Following the establishment of the 1992 Fund, the membership of the 1971 Fund has fallen from 75 State Parties as at 31 December 1997 to 52 as at 31 December 1998; with a further eight Members due to leave the Fund during 1999, and at least four Member States will leave during 2000.
37. As a result of this reduction in membership there has been a fall in the total reported oil quantities received in Member States, upon which contributions to the Fund are based, from 1,213 million tonnes for 1997 to 317 million tonnes for 1998. Furthermore, the Secretariat predict that this figure is likely to fall to 80 million tonnes for 2000 and may fall to as little as 35 million tonnes for 2001.
38. The Secretariat have pointed out to Member States that a consequence of this reduction in the contribution base is the considerably increased financial burden which might fall on the contributors in those States which remain Members of the 1971 Fund. In this regard, it should be emphasised that, unlike many other international bodies, the 1971 and 1992 Funds are neither funded nor guaranteed by their Member States. Instead, funding is from levies on those entities (state and privately owned enterprises) receiving contributing oil after sea transport in the territories of the Member States.

Going Concern

39. The 1971 Fund Convention requires oil receivers in former Member States to continue contributing to Major Claims Funds' (established for each incident where the total amount payable exceeds one million Special Drawing Rights – approximately £850,000) expenditure arising from incidents that occurred at the time of their membership. However, as the contribution base of the 1971 Fund diminishes there becomes an increased risk that the remaining contributors will be unable to fund potential claims arising from future incidents. To the extent that this situation could undermine the Fund's ability to pay compensation against valid claims as they fall due, I have examined whether the going concern assumption remains appropriate for the Fund's accounts.
40. The going concern concept is the assumption made when valuing the assets and liabilities of an accounting entity that the entity will continue to carry on its activities for the foreseeable future.
41. The International Standard on Auditing relating to going concern provides guidance on the auditor's responsibilities in the audit of financial statements regarding the appropriateness of the going concern assumption as a basis for the preparation of those statements. On this, the standard states that the entity's continuance as a going concern for the foreseeable future, generally a period not to exceed one year after the period end, is assumed in the preparation of financial statements in the absence of information to the contrary.

42. In considering whether the 1971 Fund will continue to meet its financial obligation up to 31 December 1999, I have taken into account the fact that:
- claims for past incidents continue to be adequately funded; and
 - although reducing membership during 1999 will cause the contributing oil base to fall, it will still remain at some 77 per cent of the level it was as at 31 December 1998.
43. On this basis I consider the 1971 Fund will remain a going concern for the period to 31 December 1999, and I have therefore not seen it necessary to qualify my opinion on the 1971 Fund's financial statements with regard to this matter. Nevertheless, there remain some significant financial management issues that I would like to bring to the attention of the Member States of the two Funds at this stage of the winding up of the 1971 Fund, which are detailed below.

Resources Management

44. I note that the Secretariat have always sought to ensure that sufficient resources are available for the payment of claims as they fall due. Resourcing of the Fund ultimately relies on the income from the annual contributions levied by the Assembly. However, on a day to day basis, individual claims payments may be funded through internal loans between the Major Claims Funds and through the availability of the Fund's working capital. The governing bodies of the Funds have chosen not to resort to external borrowing.
45. As the contributing base further diminishes beyond 31 December 1999, any further major incidents may have consequences for the 1971 Fund's continuing ability to successfully raise sufficient overall resources from contributions. Member States' contributors are liable to fund compensation claims arising from those incidents which occur while they remain members. Accordingly, future incidents will be funded by a smaller and differing composition of contributors from past incidents. Amounts already held, or to be advanced, against past incidents should be recognised and protected as belonging to those contributors and not used for funding across all incidents.
46. In these circumstances, it may become necessary for the Secretariat to consider such action that would "ring-fence" or specifically allocate funds to major incidents which are funded by the same group of contributors. For example, this would mean the need to:
- restrict inter-fund borrowing between Major Claims Funds to those incidents where the same contributors are involved; and
 - allocate the extensive cash holding of the 1971 Fund to named bank accounts, which are designated to funding only claims for specific incidents where the same contributors are responsible for the payment of these claims.

47. I recognise the Secretariat's concern that such measures would cause considerable practical and operational difficulties for the Fund. For example, that the current pooling of all of the 1971 Fund's existing investments allows for a better rate of return, and that separate investments for each Major Claims Fund and for the General Fund would be difficult to carry out since it is necessary that each Fund is liquid to pay claims at very short notice. However, the proposed measures are designed to preserve the internal financial integrity of the Fund in a winding up situation and are issues that a Liquidator, if appointed (see paragraph 55), would also need to resolve. Accordingly, I **recommend** that the Secretariat give early consideration to how to best overcome these difficulties should it become necessary to take such action.

Working Capital

48. The working capital of the 1971 Fund is part of the General Fund balance of £8.6 million carried forward to 1999 (Statement IX), which represents the Fund's total net assets, and is a source of internal funding for claims payments, as indicated in paragraph 44 above. In the calculation of contributions needed for 1998, the Secretariat set aside from the available General Fund balance a working capital fixed previously at £5 million by the Assembly.
49. However, identifying the extent of the 1971 Fund's actual realisable net assets and therefore its readily available resources, as represented by the General Fund balance, is complicated by the nature the 1971 Fund's established accounting practices and procedures. For example, not all potential assets are included in the financial statements. In particular, it is not possible for the Fund to record amounts due from contributors until it has received from Member States concerned oil reports on the quantities of contributing oil received in the year in question nor is it possible for the Fund to quantify the potential recovery of claims payments from third parties. On the other hand, assets included in financial statements may not be immediately and fully realisable. For example, the Fund makes no provision against the possible non-payment of outstanding contributions.
50. In a winding up situation, the General Fund balance carried forward may have to be recalculated to take into account these considerations, for example, a possible reduction to reflect the risk of non-collection of outstanding contributions. This could result in a revised balance that was insufficient to cover the level of the Fund's working capital fixed by the Assembly. As the size of the available working capital is included in the calculation of the level of future contributions, I **recommend** that the Secretariat closely monitor these potential adjustments to the General Fund balance.
51. Resolution 11 of the 1971 Assembly meeting in April 1997, re-affirmed the principle laid down in Article 44(2) of the 1971 Convention by stating that persons in former State Parties who have contributed to the 1971 Fund shall be entitled to participate in an equitable manner in the distribution of the assets which remain when the winding up of the 1971 Fund has been completed. In this regard I would note that previous changes to the size of the working capital of the Fund have

been made as part of the annual calculation of the amount of contributions due for the next financial year.

52. Where the Assembly have in the past decided a reduction in the working capital, no attempt was made to apportion this back over past contributions. The Assembly have previously decided not to do so as it would be logistically burdensome to make the necessary calculations and due to the possibility that past contributors may no longer exist. It is also recognised that contributions to the General Fund have been made over the years without any separation of the amounts used for payments of claims in respect of a great number of incidents and for administrative expenses. However, in a winding up situation, a more equitable method of further reducing and ultimately distributing all of the working capital would need to be found. Accordingly, I **recommend** that the Secretariat seek the Assembly's early decision on what practical methods are available for this purpose. This would also be a matter for consideration by the Liquidator, if appointed (see paragraph 55).

Liquidation of the 1971 Fund

53. Although the 1971 Fund Convention specifies that it shall cease to be in force when it has less than three State Parties, the Secretariat are already aware of the difficulties of maintaining the Fund as a going concern well before that stage is reached. Even when this stage is reached, consideration will have to be given to the management of any remaining assets held by any residue body and their eventual distribution. The final winding-up of such a residue body may itself be delayed so long as there remain unsettled claims, including unresolved litigation, relating to past incidents involving the 1971 Fund.
54. I am also aware of the difficulties being experienced in the governing of the 1971 Fund as a result of its reducing membership. In particular, the likely failure to obtain a quorum for the meetings of its existing governing bodies, the Assembly and Executive Committee, has already resulted in the establishment of a newly created body, the Administrative Council. The Administrative Council has no quorum requirements and is made up of the remaining and former 1971 Fund Members, although former members have a right to vote only in respect of issues relating to incidents which occurred while they were Members.
55. The Secretariat have been very active in encouraging 1971 Fund members to denounce the 1971 Convention and accede to the 1992 Protocols. However, in the circumstances outlined above, and in the light of the issues that I have raised concerning the resourcing of the Fund, I **strongly recommend** that the Assembly, the Executive Committee or the Administrative Council – as the case may be – consider the need ultimately to appoint a Liquidator to take over the administration of the 1971 Fund, including its and any resulting residual bodies' eventual liquidation. In particular, thought should now be given to the Liquidator's role, mandate and relationship with the Director. I

understand that the Director is already seeking expert legal advice on whether, in the eventuality of the 1971 Fund becoming non-tenable, it could legally cease operations before its membership falls below three, as required by the Convention. Further clarification on this should aid the Member States in deciding on a Liquidator's appointment and his terms of reference.

Other Financial Matters

Year 2000 Compliance

56. The Secretariat utilise a variety of computer systems and software in its administration of the 1971 and 1992 Funds. They have been aware for some time that their current computer systems may not be able to cope with the year 2000-date change.
57. The Secretariat have acknowledged responsibility for properly assessing the business and financial statement impacts that may potentially arise from systems failures to cope with the year 2000 date change within the Funds. They therefore commissioned a report in May 1999 by an IT specialist on the current condition and future strategy for their systems.
58. The IT specialist recommended that the Secretariat: appoint a member of their management team to oversee the year 2000 project; examine their computer hardware to ensure that the internal clocks would deal with the date roll-over correctly; and examine their software capabilities, seeking assurances from the manufacturers as necessary. The Secretariat have assured me that they would implement the recommendations in respect of the year 2000 date change by October 1999.

Control of Supplies and Equipment

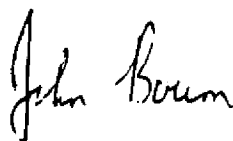
59. As recorded in Note 8b to the 1992 Fund's financial statements, the 1971 Fund's supplies and equipment were transferred to the 1992 Fund. In accordance with the 1992 Fund's stated accounting policies, purchases of equipment, furniture, office machines, supplies and library books are not included in the 1992 Fund's balance sheet. The Note also shows that the value of these assets held by the 1992 Fund as at 31 December 1998 amounted to £104,576.
60. My staff carried out a test examination of the 1992 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 1998 properly reflect the assets held by the 1992 Fund. No losses were reported by the 1992 Fund during the year.

Amounts Written Off and Fraud

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

Acknowledgement

62. I wish to record my appreciation of the willing co-operation and assistance extended by the Director and his staff during the course of my audit.



1st July 1999

Sir John Bourn

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 1998**

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 X, Schedules I to III and Notes, of the International Oil Pollution Compensation Fund 1971 for the year ended 31 December 1998 in accordance with the Common Auditing Standards of the Panel of External Auditors of the United Nations and the International Atomic Energy Authority, as appropriate. 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.

In my opinion the financial statements present fairly the financial position as at 31 December 1998 and the results of the year then ended; and 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 the transactions were in accordance with the Financial Regulations and legislative authority.

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



1st July 1999

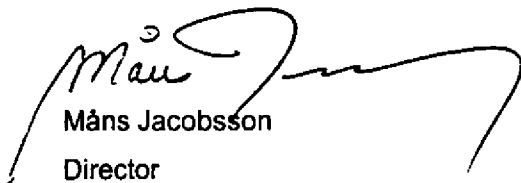
**Sir John Bourn
Comptroller and Auditor General, United Kingdom
External Auditor**

ANNEX IV

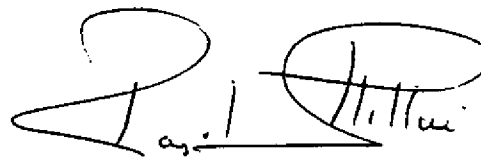
**FINANCIAL STATEMENTS
OF THE INTERNATIONAL OIL
POLLUTION COMPENSATION FUND 1971
FOR THE FINANCIAL PERIOD
1 JANUARY - 31 DECEMBER 1998**

CERTIFICATION OF THE FINANCIAL STATEMENTS

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



Måns Jacobsson
Director



Ranjit S P Pillai
Head, Finance & Administration Department

STATEMENT I
GENERAL FUND

STATEMENT OF BUDGET APPROPRIATIONS AND OBLIGATIONS INCURRED FOR THE FINANCIAL PERIOD 1 JANUARY - 31 DECEMBER 1998

CLASS OF EXPENDITURE		NOTE	BUDGET APPROPRIATIONS		REVISED BUDGET APPROPRIATIONS		OBLIGATIONS INCURRED		BALANCE OF APPROPRIATIONS		SPLIT OF OBLIGATIONS	
			1996	1997	1996	1997	1996	1997	1996	1997	1971 Fund	1992 Fund
			£	£	£	£	£	£	£	£	£	£
SECRETARIAT												
I PERSONNEL												
a	Salaries		810 980	682 140	810 980	682 140	667 700	650 921	143 280	31 219	400 620	267 080
b	Separation and recruitment		59 215	131 020	59 215	131 020	17 846	106 318	41 369	24 702	10 708	7 138
c	Staff benefits and allowances		285 200	256 530	285 200	256 530	204 587	188 456	80 613	68 074	122 752	81 835
			1 155 395	1 069 690	1 155 395	1 069 690	890 133	945 695	265 262	123 995	634 080	356 053
II GENERAL SERVICES												
a	Rent of office accommodation		111 700	100 580	111 700	100 580	93 601	91 841	18 099	8 739	56 161	37 440
b	Office machines		52 500	38 000	52 500	43 422	49 949	43 422	2 551	-	29 969	19 980
c	Furniture and other office equipment		24 500	12 000	24 500	12 000	18 995	11 423	5 505	577	11 397	7 598
d	Office stationery and supplies	2	22 000	20 000	21 672	20 000	15 153	16 886	6 519	3 114	9 092	6 061
e	Communications		45 000	40 000	45 000	40 000	36 304	39 932	8 696	68	21 782	14 522
f	Other supplies and services	2	26 600	27 500	26 928	27 500	26 928	25 077	-	2 423	16 157	10 771
g	Hospitality		15 000	14 000	15 000	14 000	9 637	12 910	5 363	1 090	5 782	3 855
h	Printing and publication		98 000	90 000	98 000	84 578	79 849	62 509	18 151	22 069	47 909	31 939
			395 300	342 080	395 300	342 080	330 416	304 000	64 884	38 080	198 249	132 167
III MEETINGS												
a	Assembly/ Executive Committee (Autumn)	2	25 800		35 260		35 260		-		28 208	7 052
b	Further sessions of 1971 Fund Committee	2	30 600		21 140		6 844		14 296		6 844	-
c	Extra session of Funds' Assemblies and 1971 Fund Executive Committee		25 800		25 800		9 061		16 739		6 437	2 624
d	1992 Fund/Executive Committee/Assembly		15 300		15 300		-		15 300		-	-
e	Intersessional Working Group		20 600		20 600		-		20 600		-	-
			118 100	115 000	118 100	115 000	61 165	43 893	66 935	71 107	41 489	9 676
IV CONFERENCES AND TRAVEL												
a	Conferences and seminars	2	20 000	20 000	22 102	29 022	22 102	29 022	-	-	11 051	11 051
b	Mission	2	20 000	20 000	17 898	10 978	9 866	2 066	8 032	8 912	4 933	4 933
			40 000	40 000	40 000	40 000	31 968	31 088	8 032	8 912	15 984	15 984
V MISCELLANEOUS EXPENDITURE												
a	External Audit	2	57 925	21 000	53 897	21 000	52 925	21 000	972	-	47 925	5 000
b	Payment to IMO for general services		6 200	6 000	6 200	6 000	6 200	6 000	-	-	3 720	2 480
c	Consultants' fees	2	125 000	100 000	129 028	117 194	129 028	117 194	-	-	64 514	64 514
d	Payment to IMO for translator		67 000	49 950	67 000	60 520	63 379	60 520	3 621	-	38 028	25 351
e	Investment Advisory Body		18 000	18 000	18 000	18 000	18 000	18 000	-	-	10 800	7 200
			274 125	194 950	274 125	222 714	269 532	222 714	4 593	-	164 987	104 545
VI UNFORESEEN EXPENDITURE												
			60 000	60 000	60 000	32 236	-	-	60 000	32 236	-	-
TOTAL EXPENDITURE I - VI			2 042 920	1 821 720	2 042 920	1 821 720	1 573 214	1 547 390	469 706	274 330	954 789	618 426

Note A: 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 III - VII for the various Major Claims Funds.

Note B: Although the 1998 Budget divided Chapter I (Personnel) into five items, Personnel expenditure in this Statement has been regrouped into three items. The expenditure heading "Home leave" has been included in I(c) - "Staff benefits and allowances". To enable comparison with 1997 Accounts, expenditure in 1997 for "Home leave" is included in I(c).

Note C: Only totals have been shown for the 1997 Account comparatives for Chapter III - Meetings - as the descriptions do not entirely match 1998 accounts.

STATEMENT II

GENERAL FUND

INCOME AND EXPENDITURE ACCOUNT FOR THE
FINANCIAL PERIOD 1 JANUARY - 31 DECEMBER 1998

	Note	1998		1997	
INCOME		£	£	£	£
Contributions (Schedule I)					
Initial contributions			-		70 136
Annual contributions/(Refund working capital)			(1 972 491)		(4 971 115)
Adjustment to prior years' assessment	3		366 977		412 253
			(1 605 514)		(4 488 726)
Miscellaneous					
Miscellaneous income	4	5 353		5 571	
Income from 1992 Fund	14	60 000		-	
Transfer from <i>Senyo Maru</i> MCF		201 533		-	
Transfer from <i>Taiko Maru</i> MCF		-		112 567	
Transfer from <i>Toyotaka Maru</i> MCF		-		104 237	
Interest on loan to <i>Vistabella</i> MCF	5	23 353		20 459	
Interest on overdue contributions	6	3 719		48 947	
Interest on investments	7	576 220		1 154 983	
			870 178		1 446 764
			(735 336)		(3 041 962)
EXPENDITURE					
Secretariat expenses (Statement I)					
Obligations incurred	8		954 789		1 067 942
Claims (Schedule II)					
Compensation			1 455 954		70 528
Claims related expenses (Schedule II)					
Fees		881 903		1 226 620	
Travel		14 951		9 346	
Miscellaneous		1 506		1 521	
			898 360		1 237 487
			3 309 103		2 375 957
Income less expenditure			(4 044 439)		(5 417 919)
Exchange adjustment	9		10 797		(405 164)
(Shortfall)/Excess of income over expenditure			(4 033 642)		(5 823 083)

STATEMENT III

**INCOME AND EXPENDITURE ACCOUNT OF
THE SENYO MARU MAJOR CLAIMS FUND
FOR THE FINANCIAL PERIOD 1 JANUARY - 31 DECEMBER 1998**

	Note	Senyo Maru Major Claims Fund			
		1998		1997	
INCOME		£	£	£	£
Contributions (Schedule I)					
Adjustment to prior years' assessment		-		66 518	
			-		66 518
Miscellaneous					
Interest on overdue contributions		-		432	
Interest on investments		-		104 757	
Recovery from shipowner's insurer				1 418 375	
			-		1 523 564
			-		1 590 082
EXPENDITURE (Schedule II)					
Compensation		-		26 184	
Fees		-		19 337	
Miscellaneous		-		51	
			-		45 572
Excess of income over expenditure			-		1 544 510
Balance b/f: 1 January			2 977 695		1 433 185
Credit to Contributors' Account		2 776 162		-	
Transfer to General Fund		201 533		-	
			2 977 695		-
Balance as at 31 December			NIL		2 977 695

STATEMENT IV

INCOME AND EXPENDITURE ACCOUNT OF THE HAVEN, AEGEAN SEA AND BRAER MAJOR CLAIMS FUNDS FOR THE FINANCIAL PERIOD 1 JANUARY - 31 DECEMBER 1998

		Note	Haven Major Claims Fund				Aegean Sea Major Claims Fund				Braer Major Claims Fund			
			1998		1997		1998		1997		1998		1997	
INCOME			£	£	£	£	£	£	£	£	£	£	£	
Contributions (Schedule I)														
Adjustment to prior years' assessment	3		-		30 258		-		263 006		19 829		393 504	
				-		30 258		-		263 006		19 829		393 504
Miscellaneous														
Interest on overdue contributions	6		-		71 680		1 049		52 298		-		9 726	
Interest on investments	7		1 785 994		1 722 285		2 546 378		2 165 995		430 918		374 533	
Interest on loans to Osung N°3 MCF	10		-		-		2 729		-		-		-	
Interest on loans to Nakhodka MCF	10		-		-		50 639		158 724		-		-	
				1 785 994		1 793 965		2 600 795		2 377 017		430 918		384 259
				1 785 994		1 824 223		2 600 795		2 640 023		450 747		777 763
EXPENDITURE (Schedule II)														
Compensation			-		-		1 052 359		-		(3 697)		-	
Fees			218 943		523 655		239 593		297 031		245 149		241 379	
Travel			1 667		2 927		9 851		2 969		7 399		11 586	
Miscellaneous			262		303		757		462		945		427	
				220 872		526 885		1 302 560		300 462		249 796		253 392
Excess/(shortfall) of income over expenditure				1 565 122		1 297 338		1 298 235		2 339 561		200 951		524 371
Exchange adjustment	9			928 102		-		-		-		-		-
Balance b/f: 1 January				29 305 321		28 007 983		37 735 195		35 395 634		6 361 028		5 836 657
Balance as at 31 December				31 798 545		29 305 321		39 033 430		37 735 195		6 561 979		6 361 028

STATEMENT V

INCOME AND EXPENDITURE ACCOUNT OF KEUMDONG N°5, SEA EMPRESS AND NAKHODKA MAJOR CLAIMS FUNDS FOR THE FINANCIAL PERIOD 1 JANUARY - 31 DECEMBER 1998

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	Note	Keumdong N°5 Major Claims Fund				Sea Empress Major Claims Fund				Nakhodka Major Claims Fund			
		1998		1997		1998		1997		1998		1997	
INCOME		£	£	£	£	£	£	£	£	£	£	£	£
Contributions (Schedule I)													
Annual contributions (second levy)		-		-		-		19 862 302		29 810 924		-	
Annual contributions (first levy)		-		-		-		9 942 231		-		14 717 793	
Adjustment to prior years' assessment	3	5 539		133 320		(139 070)		-		56 693		-	
			5 539		133 320		(139 070)		29 804 533		29 867 617		14 717 793
Miscellaneous													
Interest on overdue contributions	6	-		5 762		21 480		14 834		53 238		5 309	
Interest on investments	7	493 456		424 834		1 481 151		757 303		246 571		-	
Miscellaneous income		-		-		557		-		-		-	
			493 456		430 596		1 503 188		772 137		299 809		5 309
			498 995		563 916		1 364 118		30 576 670		30 167 426		14 723 102
EXPENDITURE (Schedule II)													
Compensation	10	-		-		2 350 654		6 045 226		5 463 564		22 583 161	
Fees		101 513		57 437		480 353		952 762		1 424 910		1 545 877	
Interest on loan from Aegean Sea MCF		-		-		-		-		50 639		158 724	
Travel		-		-		2 513		5 700		20 809		23 537	
Miscellaneous		49		70		937		12 440		1 927		7 144	
			101 562		57 507		2 834 457		7 016 128		6 961 849		24 318 443
Excess/(shortfall) of income over expenditure			397 433		506 409		(1 470 339)		23 560 542		23 205 577		(9 595 341)
Amount due to General Fund			-		-		-	(58 257)			-		-
Exchange adjustment	9		-		-		-	-		1 765 318		-	
Prior years' exchange adjustment	9		-		-		-	-		(384 100)		-	
Balance b/f: 1 January			7 206 202		6 699 793		23 502 285		-		(9 595 341)		-
Balance as at 31 December			7 603 635		7 206 202		22 031 946		23 502 285		14 991 454		(9 595 341)

STATEMENT VI

INCOME AND EXPENDITURE ACCOUNT OF THE SEA PRINCE, YEO MYUNG AND YUIL N°1 MAJOR CLAIMS FUNDS FOR THE FINANCIAL PERIOD 1 JANUARY - 31 DECEMBER 1998

	Note	Sea Prince Major Claims Fund				Yeo Myung Major Claims Fund				Yuil N°1 Major Claims Fund			
		1998		1997		1998		1997		1998		1997	
		£	£	£	£	£	£	£	£	£	£	£	£
INCOME													
Contributions (Schedule I)													
Annual contributions (fourth levy)		2 974 310		-		-		-		-		-	
Annual contributions (third levy)		-		4 816 324		-		-		-		5 779 589	
Annual contributions (second levy)		-		6 747 898		-		963 986		-		4 819 928	
Adjustment to prior years' assessment	3	715 996		243 899		98 639		44 345		543 726		155 208	
			3 690 306		11 808 121		98 639		1 008 331		543 726		10 754 725
Miscellaneous													
Interest on overdue contributions	6	7 999		5 799		923		704		6 208		4 663	
Interest on investments	7	1 232 251		961 098		195 067		173 075		692 948		364 599	
			1 240 250		966 897		195 990		173 779		699 156		369 262
			4 930 556		12 775 018		294 629		1 182 110		1 242 882		11 123 987
EXPENDITURE (Schedule II)													
Compensation		4 086 510		4 315 189		147 141		317 850		6 798 140		41 846	
Fees		562 847		237 500		14 536		64 557		233 936		125 840	
Travel		1 880		5 255		-		-		9 702		-	
Miscellaneous		88		75		48		56		193		1 605	
			4 651 325		4 558 019		161 725		382 463		7 041 971		169 291
Excess/(shortfall) of income over expenditure			279 231		8 216 999		132 904		799 647		(5 799 089)		10 954 696
Balance b/f: 1 January			18 058 023		9 841 024		2 837 067		2 037 420		11 061 954		107 258
Balance as at 31 December			18 337 254		18 058 023		2 969 971		2 837 067		5 262 865		11 061 954

STATEMENT VII

INCOME AND EXPENDITURE ACCOUNT OF
THE NISSOS AMORGOS AND OSUNG N°3 MAJOR CLAIMS FUNDS
FOR THE FINANCIAL PERIOD 1 JANUARY - 31 DECEMBER 1998

	Note	Nissos Amorgos Major Claims Fund		Osung N°3 Major Claims Fund	
		1998		1998	
INCOME		£	£	£	£
Contributions (Schedule I)					
Annual contributions (1st levy)		1 983 912		1 983 912	
			1 983 912		1 983 912
Miscellaneous					
Interest on overdue contributions	6	2 697		2 697	
Interest on investments	7	124 842		112 204	
			127 539		114 901
			2 111 451		2 098 813
EXPENDITURE (Schedule II)					
Compensation	11	-		4 832 713	
Fees		-		62 271	
Interest on loan from <i>Aegean Sea</i> MCF	10	-		2 729	
Interest on loan from 1992 Fund	11	-		29 294	
Travel		-		4 019	
Miscellaneous		-		82	
			-		4 931 108
Excess/(shortfall) of income over expenditure			2 111 451		(2 832 295)
Balance as at 31 December			2 111 451		-
Amount due to <i>Aegean Sea</i> MCF			-		(2 832 295)

STATEMENT VIII

PROVIDENT FUND

**INCOME AND EXPENDITURE ACCOUNT FOR THE
FINANCIAL PERIOD 1 JANUARY - 31 DECEMBER 1998**

	Note	1998		1997	
RECEIPTS		£	£	£	£
Balance b/f: Accounts of staff members as at 1 January			905 366		1 005 794
Contributions of staff members	12		19 911		55 733
Contributions of IOPC Funds	12		40 517		111 465
Interest received (during period 1 January - 15 May)	13		26 942		73 599
			992 736		1 246 591
PAYMENTS					
Housing loans		-		47 316	
Withdrawal on separation		-		293 909	
Withdrawal on transfer of staff members to 1992 Fund Secretariat		276 653		-	
Transfer to 1992 Fund on 15 May 1998	12	716 083		-	
			992 736		341 225
Accounts of staff members as at 31 December			NIL		905 366

STATEMENT IX**BALANCE SHEET OF THE 1971 FUND AS AT 31 DECEMBER 1998**

	Note	1998	1997
ASSETS		£	£
Cash at banks and in hand	14	154 999 522	139 738 751
Contributions outstanding	15	1 850 517	2 610 543
Due from 1992 Fund		-	355 320
Due from <i>Vistabella</i> MCF		412 722	386 056
Due from <i>Nakhodka</i> MCF to <i>Aegean Sea</i> MCF		-	9 595 341
Due from <i>Osung N°3</i> MCF to <i>Aegean Sea</i> MCF		2 632 295	-
Tax recoverable	16	98 917	41 607
Miscellaneous receivable	17	1 834	14 259
Interest on overdue contributions		85 966	26 898
TOTAL ASSETS		160 281 773	152 768 775
LIABILITIES			
Staff Provident Fund		-	905 366
Accounts payable	18	14 556	31 213
Unliquidated obligations	19	123 077	143 222
Prepaid contributions		122 967	245 053
Contributors' account	20	157 913	135 917
Due to 1992 Fund	21	547 038	-
Due to <i>Haven</i> MCF		31 798 545	29 305 321
Due to <i>Aegean Sea</i> MCF		39 033 430	37 735 195
Due to <i>Braer</i> MCF		6 561 979	6 361 028
Due to <i>Keumdong N°5</i> MCF		7 603 635	7 206 202
Due to <i>Sea Prince</i> MCF		18 337 254	18 058 023
Due to <i>Yeo Myung</i> MCF		2 969 971	2 837 067
Due to <i>Yuil N°1</i> MCF		5 262 865	11 061 954
Due to <i>Senyo Maru</i> MCF		-	2 977 695
Due to <i>Sea Empress</i> MCF		22 031 946	23 502 285
Due to <i>Nakhodka</i> MCF		14 991 454	-
Due to <i>Nissos Amorgos</i> MCF		2 111 451	-
TOTAL LIABILITIES		151 688 081	140 605 541
GENERAL FUND BALANCE	21	8 613 692	12 263 234
TOTAL LIABILITIES AND GENERAL FUND BALANCE		160 281 773	152 768 775

STATEMENT X

CASH FLOW STATEMENT OF THE 1971 FUND
FOR THE FINANCIAL PERIOD 1 JANUARY - 31 DECEMBER 1998

	1998	1998	1997	1997
	£	£	£	£
Cash as at 1 January		139 738 751		115 793 967
OPERATING ACTIVITIES				
Initial contributions	14 760		55 084	
Previous year's contributions received	34 107 897		60 961 984	
Prior years' contributions received	3 086 265		2 218 580	
Recovery <i>Sanyo Maru</i>	-		1 418 375	
1992 Fund income	218 906		124 128	
Interest received on overdue contributions	40 942		218 598	
Other sources of income	376 773		443 768	
Receipts from contributors	76 843		21 019	
Exchange adjustment	2 704 217		(405 164)	
Administrative expenditure (1971/1992 Funds)	(586 802)		(1 539 495)	
Claims expenditure	(30 761 484)		(38 795 242)	
Repayment to contributors	(2 844 218)		(8 601 141)	
Other cash payments	(992 736)		(341 225)	
Net cash from operating activities before net current asset changes	5 441 363		15 779 269	
Increase (Decrease) in net current liabilities	(138 743)		(130 618)	
Net cash flow from operating activities		5 302 620		15 648 651
RETURNS ON INVESTMENTS				
Interest on investments	9 958 151		8 296 133	
Net cash inflow from returns on investments		9 958 151		8 296 133
Cash as at 31 December		164 999 522		139 738 751

NOTES TO FINANCIAL STATEMENTS

I. 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.

(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 cost of legal proceedings or of negotiations for reaching out-of-court settlements. Those liabilities which mature will, under the 1971 Fund Convention, be met from contributions levied by the governing bodies.

(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 Contributors' Account, and up to 15 May 1998 the Staff Provident Fund, which were 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.

Part of the investments held are in currencies other than Pounds Sterling. Separate investments in Japanese Yen belong to the *Nakhodka* Major Claims Fund and investments made in French Francs and Italian Lira belong to the *Haven* Major Claims Fund. The interest earned on these investments have been credited directly to the appropriate Major Claims Fund.

(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, 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

The majority of the 1971 Fund's assets and liabilities at the end of the 1998 financial period were held in Pounds Sterling. Gains and losses arising from foreign currency exchange transactions during the relevant accounting period are treated as normal items of operation. However, in relation to the *Nakhodka* and *Haven* Major Claims Funds, Japanese Yen, Italian Lira and French Francs were bought for sterling, and invested in accordance with Financial Regulation 10.4(a) (cf documents 71FUND/EXC.54/10, paragraphs 3.4.5 - 3.4.7 and 71FUND/A/ES.4/16, paragraph 8.10). Any gains or losses at the end of the financial year arising from holding these deposits are credited or debited to the respective Major Claims Fund.

For the translation of currencies, the rate applied is the rate of exchange for the Pound against various currencies on 31 December 1998 as published in the Financial Times. These rates are as follows:

Canadian Dollar	2.5555	=£1
French Franc	9.2940	=£1
Greek Drachma	465.9330	=£1

Italian Lira	2,743.4300	=£1
Japanese Yen	187.6710	=£1
Republic of Korea Won	2,000.6600	=£1
Singapore dollars	2.7452	=£1
Spanish Peseta	235.7460	=£1
US Dollar	1.6638	=£1
Venezuelan Bolivars	939.1950	=£1

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

2. Revised budget appropriations

Excess expenditure resulting in revised budget appropriations and met by budgetary transfers as provided in Financial Regulation 6.3 is notified to the Assembly in the Director's Comments on Financial Statement I. There were no transfers between Chapters. Transfers within Chapters were made within the authority of Financial Regulation 6.3, namely:

Chapter	Transfer from appropriation	Transfer to appropriation	Amount £
II	Office stationery and supplies	Other supplies and services	328
III	1971 Fund Executive Committee	Assembly/Executive Committee (Autumn)	9,460
IV	Mission	Conferences and seminars	2,102
V	External Audit	Consultants' fees	4,028

3. Adjustments to prior years' assessments

Contributions levied on the basis of reports on contributing oil receipts in previous years and on adjustments received on oil receipts for previous years are outlined below:

	State	Contributions levied/(reimbursed) £	Total £	Reason for levy/ (reimbursement)
General Fund	Algeria	99		Oil reports received late
	Germany	60,129		Liquidation settlement
	India	295,371		Oil reports received late
	Russian Federation	10,994		Oil reports received late
	Sweden	384		Adjustment to oil reports
			366,977	
Braer Major Claims Fund	Russian Federation	19,829		Oil reports received late
			19,829	
Keumdong N° 5 Major Claims Fund	Russian Federation	5,539		Oil reports received late
			5,539	
Sea Prince Major Claims Fund	India	743,441		Oil reports received late
	Germany	(36,288)		Liquidation settlement
	Russian Federation	8,843		Oil reports received late
			715,996	
Yeo Myung Major Claims Fund	India	97,480		Oil reports received late
	Russian Federation	1,159		Oil reports received late
			98,639	

	State	Contributions levied/(reimbursed) £	Total £	Reason for levy/ (reimbursement)
Yuil N°1 Major Claims Fund	India	580,368		Oil reports received late
	Germany	(43,545)		Liquidation settlement
	Russian Federation	6,903		Oil reports received late
			543,726	
Sea Empress Major Claims Fund	Germany	(145,887)		Liquidation settlement
	Russian Federation	9,118		Oil reports received late
	Sweden	(2,301)		Adjustment to oil reports
			(139,070)	
Nakhodka Major Claims Fund	Algeria	5,973		Oil reports received late
	Malta	10,047		Oil reports received late
	Poland	44,750		Oil reports received late
	Republic of Korea	(6,578)		Adjustment to oil reports
	Russian Federation	3,537		Oil reports received late
	Sweden	(1,036)		Adjustment to oil reports
			56,693	

4. Miscellaneous income

The figure of £5,353 relates to savings on obligations from 31 December 1996 being unliquidated as at 31 December 1998.

5. Interest on loan to Vistabella Major Claims Fund

The figure of £23,353 represents interest due in accordance with Financial Regulation 7.1(a)(v) on loans made to the Vistabella Major Claims Fund of £293,890 in 1994, of £5,312 made in 1995, of £1,151 in 1996, of £17,789 in 1997 and of £3,312 in 1998. The account for this Major Claims Fund has not yet been opened.

6. Interest on overdue contributions

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

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

7. Interest on investments

As at 31 December 1998 the 1971 Fund's portfolio of investments, comprised of the 1971 Fund's time deposits (the General Fund and the Haven, Aegean Sea, Braer, Keumdong N°5, Sea Prince, Yeo Myung, Yuil N°1, Osung N°3, Nissos Amorgos, Sea Empress and Nakhodka Major Claims Funds) of £154,841,609, and the Contributors' Account of £157,913. In relation to the Nakhodka and Haven Major Claims Funds investments were also made in currencies other than Pounds Sterling, and these investments are included in the sum of £154,841,609. The distribution of the deposits is set out in Note 14.

Interest due in 1998 on the investments amounted to £9,958,151. This amount is distributed as follows:

	£
Provident Fund (up to 15 May 1998)	26,942
General Fund	576,220
Contributors' Account	13,209
<i>Haven</i> Major Claims Fund	1,785,994
<i>Aegean Sea</i> Major Claims Fund	2,546,378
<i>Braer</i> Major Claims Fund	430,918
<i>Keumdong N°5</i> Major Claims Fund	493,456
<i>Sea Prince</i> Major Claims Fund	1,232,251
<i>Yeo Myung</i> Major Claims Fund	195,067
<i>Yuil N°1</i> Major Claims Fund	692,948
<i>Osung N°3</i> Major Claims Fund	112,204
<i>Nissos Amogos</i> Major Claims Fund	124,842
<i>Sea Empress</i> Major Claims Fund	1,481,151
<i>Nakhodka</i> Major Claims Fund	<u>246,571</u>
	<u>9,958,151</u>

8. Obligations incurred

The figure of £954,789 represents the 1971 Funds 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 1 January 1998 - 31 December 1998 has been distributed with 60% to be paid by the 1971 Fund and 40% to be paid by the 1992 Fund (documents 71FUND/A.20/30, paragraph 23.1 and 92FUND/A.2/29, paragraph 24.1). Exceptions from this apportionment are the appropriation for meetings (Chapter III) which has been distributed on the basis of the expected duration of the meetings of the 1971 and the 1992 Funds, and the appropriations for Missions (Chapter IV.b), Consultants' fees (Chapter V.c) and Unforeseen expenditure (Chapter VI) which have been split equally, as well as the appropriation for the External Audit (Chapter V.a) which has been charged separately for each Fund.

9. Exchange adjustment

There was a net gain of £2,704,217 from currency revaluations of French Francs held in London, Japanese Yen held in London and Tokyo and Italian Lira in London as at 31 December 1998. There was a gain of £58,458 on Ffr14,380,560 a gain of £1,767,976 on ¥2,213,000,244 and a gain of £877,783 on Lit 44,784,518,241 in the 1998 financial year.

As indicated in Note 1(j) above, for both the *Nakhodka* and the *Haven* Major Claims Funds currencies other than Pounds Sterling were held at end of the financial year for settlement of claims. Any gain or loss on the funds held by the respective Major Claims Fund has been credited or debited to the respective Major Claims Fund.

The net gain from currency revaluations is summarized below:

Currency	General Fund £	<i>Haven</i> MCF £	<i>Nakhodka</i> MCF £	Total £
French Francs	8,139	50,319	-	58,458
Italian Lira	-	877,783	-	877,783
Japanese Yen	<u>2,658</u>	<u>-</u>	<u>1,765,318</u>	<u>1,767,976</u>
	<u>10,797</u>	<u>928,102</u>	<u>1,765,318</u>	<u>2,704,217</u>

An exchange loss £405,164 was made in the financial year 1997 from currency revaluations of French Francs held in London and Japanese Yen held in London and Tokyo. This loss was charged to the General Fund. The major portion of the loss, £384,100, was in

respect of Japanese Yen 3,223,861,948 held at the end of the 1997 financial year, for settlement of claims arising from the *Nakhodka* incident.

To ensure consistency of the treatment of the exchange differences, a prior year adjustment has therefore been made in respect of the financial year 1997, resulting in the transfer of an exchange loss of £384,100 from the General Fund to the *Nakhodka* Major Claims Fund on Japanese Yen held in respect of that Major Claims Fund (see also Note 21).

10. Interest on loan to the *Nakhodka* Major Claims Fund and *Osung N°3* Major Claims Fund from the *Aegean Sea* Major Claims Fund

The figures of £50,639 and £2,729 represent interest due in accordance with Financial Regulation 7.2(b)(iii) on the outstanding loans made to the *Nakhodka* Major Claims Fund and *Osung N°3* Major Claims Fund by the *Aegean Sea* Major Claims Fund in 1998. The loan for the *Nakhodka* Major Claims Fund and the original loan for the *Osung N°3* Major Claims Fund were repaid by 1 February 1998. A new loan for the *Osung N°3* Major Claims Fund, taken in 1998, remains outstanding.

11. Repayment by 1971 Fund to 1992 Fund in relation to the *Osung N°3* incident

The 1992 Fund became involved in the *Osung N°3* incident due to the fact that the oil from the ship not only affected the Republic of Korea (which was not a member of the 1992 Fund at the time of the incident) but also reached Japan (which was a member of the 1992 Fund at that time). The Assembly of the 1992 Fund decided at its 2nd session that, in respect of claims relating to damage in Japan, the 1992 Fund should pay the balance of the established claims over and above the payments made by the 1971 Fund which were then limited to 25% of the damage actually suffered by each claimant (documents 71FUND/EXC.54/10, paragraphs 3.5.7 and 92FUND/A.2/29, paragraph 17.3.6).

In accordance with the authority given to him by the Executive Committee at its 59th session (document 71FUND/EXC.59.17, paragraph 3.6.17), the Director decided in November 1998 to increase the 1971 Fund payments from 25% to 100% of each of the established claim arising out of the incident. As a consequence of this decision, on 23 December 1998 the 1971 Fund reimbursed the 1992 Fund £1,640,739 in respect of the amounts it had paid to cover the balance of the Japanese claims of plus £12 expenses. Interest of £29,294 was also paid by the 1971 Fund to the 1992 Fund. The 1992 Fund will therefore ultimately not be liable in respect of this incident.

12. 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).

The 1971 Fund Assembly approved the transfer of staff members share of the 1971 Provident Fund (or part thereof) in conjunction with the transfer of the Secretariat functions from the 1971 Fund to the 1992 Fund with effect from 16 May 1998 (document 71FUND/A.20/30, paragraph 12.5)

13. Interest received in 1998 on the Provident Fund

The interest relating to the period 1 January 1998 to 15 May 1998 was £26,942. The basis of calculation of the interest on the Provident Fund is that laid down by the Executive Committee at its 2nd session (Record of Decisions, document FUND/EXC.2/6, item 6).

14. Assets(a) Cash at banks and in hand

The amount of £154,999,522 includes a balance of £157,913 on the Contributors' Account, and was held in various accounts as follows:

Time deposit accounts	£	£
<u>Pounds Sterling</u>		
Alliance & Leicester Group Treasury plc	10,000,000	
Bank Austria AG	7,500,000	
Bankgesellschaft Berlin	6,300,000	
Bank of Ireland	15,000,000	
Bank of Nova Scotia	6,500,000	
Bank of Scotland plc	5,000,000	
Banque Internationale à Luxembourg	7,000,000	
Barclays Bank plc	2,200,000	
Bayerische Landesbank	5,000,000	
Commerzbank AG	5,000,000	
Credit Commerciale de France	5,500,000	
DePfa Bank Europe plc	10,600,000	
First National Bank of Chicago	5,000,000	
Halifax plc	4,000,000	
Landesbank Hessen-Thüringen	10,000,000	
Nationwide Building Society	4,000,000	
Norddeutsche Landesbank	4,500,000	
Rabobank International, NV	5,000,000	
Svenska Handelsbanken AB	<u>5,000,000</u>	
		123,100,000
<u>Foreign Currency Deposits</u>		
<i>Haven Major Claims Fund</i>		
Banque Nationale de Paris plc - FFr Deposit a/c	1,332,375	
Barclays Bank plc - Lit Deposit a/c	5,441,396	
Unicredito Italiano- Lit Deposit a/cs	10,882,884	
<i>Nakhodka Major Claims Fund</i>		
Barclays Bank plc - ¥ Deposit a/c	7,578,888	
The Bank of Tokyo-Mitsubishi, ¥ call Deposit - Tokyo/London	<u>4,193,873</u>	
		29,429,416
<u>Current and call deposit accounts</u>		
Bank of Scotland plc- £ Current a/c	42,494	
Banque Nationale de Paris plc - FFr Deposit a/c	214,920	
Barclays Bank plc - £ Business Premium/HIBA/ Current a/cs	942,614	
Barclays Bank plc - £ Call Deposit a/c	1,000,000	
Barclays Bank plc - ¥ a/c	19,152	
The Bank of Tokyo-Mitsubishi Ltd - £ Current a/c	<u>250,926</u>	
		<u>2,470,106</u>
		<u>154,999,522</u>

(b) Office machines, furniture and other supplies

The 1992 Fund and 1971 Fund Assemblies decided that the title of furniture, office equipment and other supplies should be transferred from the 1971 Fund to the 1992 Fund with effect from 16 May 1998 for an estimated amount of £60,000 in conjunction with the transfer of the Secretariat functions from the 1971 Fund to the 1992 Fund (documents 71FUND/A.20/30, paragraph 12.3 and 92FUND/A.2/29, paragraph 13.3)

15. Contributions outstanding

Outstanding contributions due to the 1971 Fund as at 31 December 1998 totalled £1,850,517. This amount includes contributions due from one contributor in liquidation in the Netherlands representing an amount of £9,982. It is unlikely that there will be any payment to the 1971 Fund from this contributor.

16. Tax recoverable

The amount of £98,917 comprises VAT and Insurance Premium Tax to be refunded to the 1971 Fund by the United Kingdom Government.

17. Miscellaneous receivable

The amount of £1,834 consists of the following amounts:

- (a) £893 due from Barclays Bank plc in relation to refund of bank charges and interest due;
- (b) £783 representing travel advances to be reimbursed by staff members in 1999; and
- (c) £158 being refund from rail operator.

18. Accounts payable

The amount of £14,556 is comprised of the following amounts:

- (a) £13,002 due to American Express Europe Ltd;
- (b) £1,487 representing reimbursements for travel expenses due to staff members; and
- (c) £ 67 representing reimbursement to supplier.

19. Unliquidated obligations

The figure of £123,077 is made up of obligations incurred in 1997 and 1998 but unliquidated at 31 December 1998.

The major part of the unliquidated obligations consists of:

- (a) £37,000 appropriated for separation costs;
- (b) £5,000 appropriated for the purchase of furniture;
- (c) £27,119 for consultants' fees;

(d) £6,000 to the International Maritime Organization (IMO) in respect of general services provided; and

(e) £47,925 to the National Audit Office in relation to the fee for the audit of the 1997 Accounts of the 1971 Fund.

20. Contributors' Account

The amount of £157,913 is the balance on the Contributors' Account after the deduction of amounts repaid to contributors or offset against the 1998 annual contributions and the addition of interest of £13,209 as provided in Internal Regulation 3.11.

21. General Fund balance

The figure of £8,613,692 represents the excess of Income over Expenditure in respect of the General Fund and is arrived at as follows:

	£
Net assets at 1 January 1998	12,263,234
Add: Prior years' exchange adjustment	<u>384,100</u>
	12,647,334
Less: deficit 1998	<u>(4,033,642)</u>
	<u>8,613,692</u>

This figure represents the balance remaining after making loans of £412,722 to the *Vistabella* Major Claims Fund.

A payment of £547,038 is due to the 1992 Fund made up as follows:

	£
1971 Fund obligations to be reimbursed to 1992 Fund	428,731
Add :1992 Fund contributions held by the 1971 Fund	<u>118,307</u>
	<u>547,038</u>

The General Fund balance of £8,613,692 is higher than the working capital which, at 31 December 1998, was set at £5 million.

SCHEDULE I

**REPORT ON CONTRIBUTIONS DURING THE FINANCIAL PERIOD
1 JANUARY - 31 DECEMBER 1998
AND ON CONTRIBUTIONS OUTSTANDING FOR PREVIOUS FINANCIAL PERIODS**

- 1 One State became a Member of the 1971 Fund in 1998: Guyana.
- 2 A comprehensive report on the payment of contributions as at 15 October 1998 was submitted to the Assembly at its 21st session (document 71FUND/A.21/11).
- 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 1998 can be summarised as follows:

State	Initial £	1989-1991 £	1992 £	1993 £	1994 £	1995 £	1996 £	1997 £	Total £
Bahamas						44 693.02	128 872.74	20 957.20	194 522.96
Cameroon								194.97	194.97
China (Hong Kong SAR)								43 799.93	43 799.93
Cote d'Ivoire						63 844.73	24 248.82	88 114.14	176 207.69
Germany							2 152.92	4 634.90	6 787.82
Ghana								17 520.83	17 520.83
Greece					3 876.57	11 682.79	9 404.56	78.62	25 042.54
Indonesia							63 104.69	244 963.89	308 068.58
Italy							2 099.85	16 048.39	18 148.24
Japan							8 663.30	4 324.97	12 988.27
Kenya	1 442.35			5 236.89	14 616.63	25 738.16	35 969.86	22 641.86	105 645.75
Kuwait				63 303.09	47 456.74				110 759.83
Malta	11.47	0.42		1 362.91	295.96	1 288.68	4 369.10	3 583.92	10 912.46
Morocco							24 363.66	141 140.17	165 503.83
Netherlands						9 693.94	21 639.63	29 852.18	61 185.75
New Zealand								3 961.99	3 961.99
Nigeria		34 599.66	13 672.28	65 429.54	28 693.02	28 553.09	29 447.30	19 913.51	220 308.40
Russian Federation				21 397.90	7 296.99	15 465.30	21 760.44	7 689.52	73 610.15
Sweden							463.06	3 249.57	3 712.63
Syrian Arab Republic		477.72							477.72
United Kingdom					1 556.17	2 067.52	24.98		3 648.67
USSR		146 704.86							146 704.86
Yugoslavia		101 755.66	39 047.40						140 803.06
	1 453.82	283 538.32	52 719.68	156 730.33	103 792.08	203 027.23	376 584.91	672 670.56	1 850 516.93

ANNUAL CONTRIBUTIONS 1997 - REIMBURSEMENT FROM GENERAL FUND AS AT 31.12.98

State	Reimbursement £
<1> Albania	-
Algeria	801.44
<1> Antigua & Barbuda	-
Australia	52 931.83
Bahamas	2 453.72
<2> Bahrain	-
Barbados	278.66
Belgium	11 479.68
<1> Benin	-
<2> Brunei Darussalam	-
<1> Cameroon	-
Canada	64 739.07
China (Hong Kong SAR)	8 716.97
<1> Colombia	-
Côte d'Ivoire	5 463.95
<4> Croatia	-
Cyprus	2 382.76
Denmark	11 190.80
<2> Djibouti	-
<2> Estonia	-
<1> Fiji	-
Finland	16 078.65
France	158 398.28
<1> Gabon	-
<2> Gambia	-
Germany	44 116.16
Ghana	1 080.60
Greece	32 950.98
<3> Guyana	-
<2> Iceland	-
India	71 509.44
Indonesia	15 163.88
Ireland	5 120.88
Italy	237 034.98
Japan	452 507.48
Kenya	2 566.43
<2> Kuwait	-
<2> Liberia	-
Malaysia	26 880.52
<2> Maldives	-
Malta	1 348.07
<2> Marshall Islands	-

State	Reimbursement £
<1> Mauritania	-
<2> Mauritius	-
Mexico	17 648.62
<2> Monaco	-
Morocco	8 726.88
<1> Mozambique	-
Netherlands	169 329.22
New Zealand	6 223.42
Nigeria	1 233.42
Norway	46 189.08
<2> Oman	-
<2> Papua New Guinea	-
Poland	6 004.18
Portugal	21 173.68
<1> Qatar	-
Republic of Korea	185 298.73
Russian Federation	474.49
<1> Saint Kitts and Nevis	-
<2> Seychelles	-
<1> Sierra Leone	-
<2> Slovenia	-
Spain	91 935.37
Sri Lanka	3 234.07
Sweden	35 285.08
<2> Switzerland	-
<1> Syrian Arab Republic	-
<2> Tonga	-
Tunisia	4 171.38
<1> Tuvalu	-
<1> United Arab Emirates	-
United Kingdom	122 820.56
<2> Vanuatu	-
Venezuela	27 547.66
<1> Yugoslavia	-
Total	1 972 491.07

- <1> Reports on contributing oil receipts in 1996 not submitted by 31.12.98
 <2> No liability in respect of 1997 General Fund
 <3> Not a Member State in 1997
 <4> Reports of contributing oil receipts in 1996 submitted, but insufficient details for invoicing

ANNUAL CONTRIBUTIONS 1997
SEA PRINCE/YEO MYUNG/YUIL N°1 MAJOR CLAIMS FUND AS AT 31.12.98

State	Assessment £	Receipt £	Outstanding £	% Paid
<1> Albania	-	-	-	-
Algeria	1 091.09	1 091.09	0.00	100.00
<2> Antigua and Barbuda	-	-	-	-
Australia	71 339.57	71 339.57	0.00	100.00
Bahamas	20 189.95	20 189.95	0.00	100.00
<2> Bahrain	-	-	-	-
<3> Barbados	-	-	-	-
Belgium	18 865.85	18 865.85	0.00	100.00
<1> Benin	-	-	-	-
<3> Brunei Darussalam	-	-	-	-
Cameroon	2 925.14	2 730.17	194.97	93.33
Canada	82 764.77	82 764.77	0.00	100.00
China (Hong Kong SAR)	8 353.88	8 353.88	0.00	100.00
<2> Colombia	-	-	-	-
Côte d'Ivoire	6 638.44	6 638.44	0.00	100.00
Croatia	7 113.09	7 113.09	0.00	100.00
Cyprus	4 055.96	4 055.96	0.00	100.00
Denmark	14 358.88	14 358.88	0.00	100.00
<3> Djibouti	-	-	-	-
<3> Estonia	-	-	-	-
<3> Fiji	-	-	-	-
Finland	28 370.67	28 370.67	0.00	100.00
France	238 027.37	238 027.37	0.00	100.00
<1> Gabon	-	-	-	-
<3> Gambia	-	-	-	-
Germany	62 658.02	62 658.02	0.00	100.00
Ghana	2 730.98	2 730.98	0.00	100.00
Greece	42 813.87	42 735.25	78.62	99.82
<2> Guyana	-	-	-	-
<3> Iceland	-	-	-	-
India	96 024.43	96 024.43	0.00	100.00
Indonesia	24 784.26	24 784.26	0.00	100.00
Ireland	7 991.02	7 991.02	0.00	100.00
Italy	369 093.82	369 065.72	28.10	99.99
Japan	726 819.72	726 819.72	0.00	100.00
Kenya	5 231.23	5 137.72	93.51	98.21
<3> Kuwait	-	-	-	-
<3> Liberia	-	-	-	-
Malaysia	31 872.48	31 872.48	0.00	100.00
<3> Maldives	-	-	-	-
Malta	1 890.26	1 890.26	0.00	100.00
<3> Marshall Islands	-	-	-	-
<2> Mauritania	-	-	-	-
Mauritius	447.18	447.18	0.00	100.00
Mexico	51 843.13	51 843.13	0.00	100.00
<3> Monaco	-	-	-	-
Morocco	16 699.19	16 699.19	0.00	100.00

State	Assessment £	Receipt £	Outstanding £	% Paid
<2> Mozambique	-	-	-	-
<4> Netherlands	243 528.22	243 462.98	65.24	99.97
<2> New Zealand	-	-	-	-
Nigeria	1 841.79	1 841.79	0.00	100.00
Norway	75 418.98	75 418.98	0.00	100.00
<3> Oman	-	-	-	-
<3> Papua New Guinea	-	-	-	-
Poland	15 005.83	15 005.83	0.00	100.00
Portugal	38 922.53	38 922.53	0.00	100.00
<3> Qatar	-	-	-	-
Republic of Korea	230 799.77	230 799.77	0.00	100.00
Russian Federation	1 142.14	1 142.14	0.00	100.00
<3> Saint Kitts and Nevis	-	-	-	-
<3> Seychelles	-	-	-	-
<1> Sierra Leone	-	-	-	-
Slovenia	416.36	416.36	0.00	100.00
Spain	136 420.95	136 420.95	0.00	100.00
Sri Lanka	4 786.89	4 786.89	0.00	100.00
Sweden	50 558.46	50 558.46	0.00	100.00
<2> Switzerland	-	-	-	-
<1> Syrian Arab Republic	-	-	-	-
<2> Tonga	-	-	-	-
Tunisia	7 280.80	7 280.80	0.00	100.00
<1> Tuvalu	-	-	-	-
<3> United Arab Emirates	-	-	-	-
United Kingdom	204 136.74	204 136.74	0.00	100.00
<3> Vanuatu	-	-	-	-
Venezuela	19 056.52	19 056.52	0.00	100.00
<3> Yugoslavia	-	-	-	-
Total	2 974 310.23	2 973 849.79	460.44	99.98

<1> Reports on contributing oil receipts in 1994 not submitted by 31.12.98.

<2> Not a Member State at the time of the *Sea Prince/Yeo Myung/Yuill N°1* incidents (23.07.95/3.08.95/21.09.95)

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

<4> One contributor has gone bankrupt. Claim has been registered in bankruptcy proceedings

ANNUAL CONTRIBUTIONS 1997 - NAKHODKA MAJOR CLAIMS FUND AS AT 31.12.98

State	Assessment £	Receipt £	Outstanding £	% Paid
<1> Albania	-	-	-	-
Algeria	12 058.90	12 058.90	0.00	100.00
<2> Antigua and Barbuda	-	-	-	-
Australia	796 436.96	796 436.96	0.00	100.00
Bahamas	36 919.74	18 502.34	18 417.40	50.12
<3> Bahrain	-	-	-	-
Barbados	4 192.85	4 192.85	0.00	100.00
Belgium	172 728.43	172 728.43	0.00	100.00
<1> Benin	-	-	-	-
<3> Brunei Darussalam	-	-	-	-
<1> Cameroon	-	-	-	-
Canada	974 094.19	974 094.19	0.00	100.00
China (Hong Kong SAR)	131 159.69	92 791.58	38 368.11	70.75
<2> Colombia	-	-	-	-
Côte d'Ivoire	82 213.08	5 021.48	77 191.60	6.11
<4> Croatia	-	-	-	-
Cyprus	35 852.02	35 852.02	0.00	100.00
Denmark	168 382.01	168 382.01	0.00	100.00
<3> Djibouti	-	-	-	-
<3> Estonia	-	-	-	-
<1> Fiji	-	-	-	-
Finland	241 926.83	241 926.83	0.00	100.00
France	2 383 334.34	2 383 334.34	0.00	100.00
<1> Gabon	-	-	-	-
<3> Gambia	-	-	-	-
Germany	889 337.14	885 279.68	4 057.46	99.54
Ghana	16 259.26	898.57	15 360.69	5.53
Greece	495 795.79	495 795.79	0.00	100.00
<2> Guyana	-	-	-	-
<3> Iceland	-	-	-	-
India	1 075 964.31	1 075 964.31	0.00	100.00
Indonesia	228 162.88	13 511.93	214 650.95	5.92
Ireland	77 051.03	77 051.03	0.00	100.00
Italy	3 566 538.83	3 552 503.78	14 035.05	99.61
Japan	6 808 638.53	6 804 852.38	3 786.15	99.94
Kenya	38 615.63	18 857.94	19 757.69	48.83
<3> Kuwait	-	-	-	-
<3> Liberia	-	-	-	-
Malaysia	404 456.88	404 456.88	0.00	100.00
<3> Maldives	-	-	-	-
Malta	20 283.79	17 145.51	3 138.28	84.53
<3> Marshall Islands	-	-	-	-
<1> Mauritania	-	-	-	-
<3> Mauritius	-	-	-	-
Mexico	265 549.43	265 549.43	0.00	100.00
<3> Monaco	-	-	-	-
Morocco	131 308.77	7 613.82	123 694.95	5.80
<2> Mozambique	-	-	-	-

State	Assessment £	Receipt £	Outstanding £	% Paid
Netherlands	2 547 806.44	2 521 730.50	26 075.94	98.98
<2> New Zealand	-	-	-	-
Nigeria	18 558.55	1 110.66	17 447.89	5.98
Norway	694 982.42	694 982.42	0.00	100.00
<3> Oman	-	-	-	-
<3> Papua New Guinea	-	-	-	-
Poland	90 341.66	90 341.66	0.00	100.00
Portugal	318 589.07	318 589.07	0.00	100.00
<1> Qatar	-	-	-	-
Republic of Korea	2 788 091.08	2 788 091.08	0.00	100.00
Russian Federation	7 139.36	398.36	6 741.00	5.58
<1> Saint Kitts and Nevis	-	-	-	-
<3> Seychelles	-	-	-	-
<1> Sierra Leone	-	-	-	-
<3> Slovenia	-	-	-	-
Spain	1 383 302.43	1 383 302.43	0.00	100.00
Sri Lanka	48 661.30	48 661.30	0.00	100.00
Sweden	530 915.72	528 068.71	2 847.01	99.46
<3> Switzerland	-	-	-	-
<1> Syrian Arab Republic	-	-	-	-
<3> Tonga	-	-	-	-
Tunisia	62 764.46	62 764.46	0.00	100.00
<1> Tuvalu	-	-	-	-
<1> United Arab Emirates	-	-	-	-
United Kingdom	1 848 015.31	1 848 015.31	0.00	100.00
<3> Vanuatu	-	-	-	-
Venezuela	414 495.00	414 495.00	0.00	100.00
<1> Yugoslavia	-	-	-	-
Total	29 810 924.11	29 225 353.94	585 570.17	98.04

<1> Reports on contributing oil receipts in 1996 not submitted by 31.12.98

<2> Not a Member State at the time of the *Nakhodka* incident (2.01.97)

<3> No liability for contributions to the *Nakhodka* Major Claims Fund

<4> Reports of contributing oil receipts in 1996 submitted, but insufficient details for invoicing

ANNUAL CONTRIBUTIONS 1997 - NISSOS AMORGOS MAJOR CLAIMS FUND AS AT 31.12.98

State	Assessment £	Receipt £	Outstanding £	% Paid
<1> Albania	-	-	-	-
Algeria	801.05	801.05	0.00	100.00
<2> Antigua and Barbuda	-	-	-	-
Australia	52 905.95	52 905.95	0.00	100.00
Bahamas	2 452.51	1 182.61	1 269.90	48.22
<3> Bahrain	-	-	-	-
Barbados	278.52	278.52	0.00	100.00
Belgium	11 474.05	11 474.05	0.00	100.00
<1> Benin	-	-	-	-
<3> Brunei Darussalam	-	-	-	-
<1> Cameroon	-	-	-	-
Canada	64 707.40	64 707.40	0.00	100.00
China (Hong Kong SAR)	8 712.71	5 996.80	2 715.91	68.83
<2> Colombia	-	-	-	-
Côte d'Ivoire	5 461.27	0.00	5 461.27	0.00
<4> Croatia	-	-	-	-
Cyprus	2 381.59	2 381.59	0.00	100.00
Denmark	11 185.33	11 185.33	0.00	100.00
<3> Djibouti	-	-	-	-
<3> Estonia	-	-	-	-
<1> Fiji	-	-	-	-
Finland	16 070.79	16 070.79	0.00	100.00
France	158 320.80	158 320.80	0.00	100.00
<1> Gabon	-	-	-	-
<3> Gambia	-	-	-	-
Germany	55 493.36	55 204.64	288.72	99.48
Ghana	1 080.07	0.00	1 080.07	0.00
Greece	32 934.86	32 934.86	0.00	100.00
<2> Guyana	-	-	-	-
<3> Iceland	-	-	-	-
India	71 474.46	71 474.46	0.00	100.00
Indonesia	15 156.47	0.00	15 156.47	0.00
Ireland	5 118.37	5 118.37	0.00	100.00
Italy	236 919.05	235 926.43	992.62	99.58
Japan	452 286.14	452 016.73	269.41	99.94
Kenya	2 565.17	1 169.84	1 395.33	45.60
<3> Kuwait	-	-	-	-
<3> Liberia	-	-	-	-
Malaysia	26 867.37	26 867.37	0.00	100.00
<3> Maldives	-	-	-	-
Malta	1 347.42	1 124.60	222.82	83.46
<3> Marshall Islands	-	-	-	-
<1> Mauritania	-	-	-	-
<3> Mauritius	-	-	-	-
Mexico	17 639.99	17 639.99	0.00	100.00
<3> Monaco	-	-	-	-
Morocco	8 722.61	0.00	8 722.61	0.00

State	Assessment £	Receipt £	Outstanding £	% Paid
<2> Mozambique	-	-	-	-
Netherlands	169 246.42	167 390.92	1 855.50	98.90
New Zealand	7 207.73	6 731.68	476.05	93.40
Nigeria	1 232.81	0.00	1 232.81	0.00
Norway	46 166.49	46 166.49	0.00	100.00
<3> Oman	-	-	-	-
<3> Papua New Guinea	-	-	-	-
Poland	6 001.24	6 001.24	0.00	100.00
Portugal	21 163.33	21 163.33	0.00	100.00
<1> Qatar	-	-	-	-
Republic of Korea	185 208.10	185 208.10	0.00	100.00
Russian Federation	474.26	0.00	474.26	0.00
<1> Saint Kitts and Nevis	-	-	-	-
<3> Seychelles	-	-	-	-
<1> Sierra Leone	-	-	-	-
<3> Slovenia	-	-	-	-
Spain	91 890.40	91 890.40	0.00	100.00
Sri Lanka	3 232.49	3 232.49	0.00	100.00
Sweden	35 267.82	35 066.54	201.28	99.43
<3> Switzerland	-	-	-	-
<1> Syrian Arab Republic	-	-	-	-
<3> Tonga	-	-	-	-
Tunisia	4 169.34	4 169.34	0.00	100.00
<1> Tuvalu	-	-	-	-
<1> United Arab Emirates	-	-	-	-
United Kingdom	122 760.46	122 760.46	0.00	100.00
<3> Vanuatu	-	-	-	-
Venezuela	27 534.19	27 534.19	0.00	100.00
<1> Yugoslavia	-	-	-	-
Total	1 983 912.39	1 942 097.36	41 815.03	97.89

- <1> Reports on contributing oil receipts in 1996 not submitted by 31.12.98
- <2> Not a Member State at the time of the *Nissos Amorgos* incident (28.02.97)
- <3> No liability for contributions to the *Nissos Amorgos* Major Claims Fund
- <4> Reports of contributing oil receipts in 1996 submitted, but insufficient details for invoicing

ANNUAL CONTRIBUTIONS 1997 - OSUNG N°3 MAJOR CLAIMS FUND AS AT 31.12.98

State	Assessment £	Receipt £	Outstanding £	% Paid
<1> Albania	-	-	-	-
Algeria	801.05	801.05	0.00	100.00
<2> Antigua and Barbuda	-	-	-	-
Australia	52 905.95	52 905.95	0.00	100.00
Bahamas	2 452.51	1 182.61	1 269.90	48.22
<3> Bahrain	-	-	-	-
Barbados	278.52	278.52	0.00	100.00
Belgium	11 474.05	11 474.05	0.00	100.00
<1> Benin	-	-	-	-
<3> Brunei Darussalam	-	-	-	-
<1> Cameroon	-	-	-	-
Canada	64 707.40	64 707.40	0.00	100.00
China (Hong Kong SAR)	8 712.71	5 996.80	2 715.91	68.83
<2> Colombia	-	-	-	-
Côte d'Ivoire	5 461.27	0.00	5 461.27	0.00
<4> Croatia	-	-	-	-
Cyprus	2 381.59	2 381.59	0.00	100.00
Denmark	11 185.33	11 185.33	0.00	100.00
<3> Djibouti	-	-	-	-
<3> Estonia	-	-	-	-
<1> Fiji	-	-	-	-
Finland	16 070.79	16 070.79	0.00	100.00
France	158 320.80	158 320.80	0.00	100.00
<1> Gabon	-	-	-	-
<3> Gambia	-	-	-	-
Germany	55 493.36	55 204.64	288.72	99.48
Ghana	1 080.07	0.00	1 080.07	0.00
Greece	32 934.86	32 934.86	0.00	100.00
<2> Guyana	-	-	-	-
<3> Iceland	-	-	-	-
India	71 474.46	71 474.46	0.00	100.00
Indonesia	15 156.47	0.00	15 156.47	0.00
Ireland	5 118.37	5 118.37	0.00	100.00
Italy	236 919.05	235 926.43	992.62	99.58
Japan	452 286.14	452 016.73	269.41	99.94
Kenya	2 565.17	1 169.84	1 395.33	45.60
<3> Kuwait	-	-	-	-
<3> Liberia	-	-	-	-
Malaysia	26 867.37	26 867.37	0.00	100.00
<3> Maldives	-	-	-	-
Malta	1 347.42	1 124.60	222.82	83.46
<3> Marshall Islands	-	-	-	-
<1> Mauritania	-	-	-	-
<3> Mauritius	-	-	-	-
Mexico	17 639.99	17 639.99	0.00	100.00
<3> Monaco	-	-	-	-
Morocco	8 722.61	0.00	8 722.61	0.00
<1> Mozambique	-	-	-	-

State	Assessment £	Receipt £	Outstanding £	% Paid
Netherlands	169 246.42	167 390.92	1 855.50	98.90
New Zealand	7 207.73	3 721.79	3 485.94	51.64
Nigeria	1 232.81	0.00	1 232.81	0.00
Norway	46 166.49	46 166.49	0.00	100.00
<3> Oman	-	-	-	-
<3> Papua New Guinea	-	-	-	-
Poland	6 001.24	6 001.24	0.00	100.00
Portugal	21 163.33	21 163.33	0.00	100.00
<1> Qatar	-	-	-	-
Republic of Korea	185 208.10	185 208.10	0.00	100.00
Russian Federation	474.26	0.00	474.26	0.00
<1> Saint Kitts and Nevis	-	-	-	-
<3> Seychelles	-	-	-	-
<1> Sierra Leone	-	-	-	-
<3> Slovenia	-	-	-	-
Spain	91 890.40	91 890.40	0.00	100.00
Sri Lanka	3 232.49	3 232.49	0.00	100.00
Sweden	35 267.82	35 066.54	201.28	99.43
<3> Switzerland	-	-	-	-
<1> Syrian Arab Republic	-	-	-	-
<3> Tonga	-	-	-	-
Tunisia	4 169.34	4 169.34	0.00	100.00
<1> Tuvalu	-	-	-	-
<1> United Arab Emirates	-	-	-	-
United Kingdom	122 760.46	122 760.46	0.00	100.00
<3> Vanuatu	-	-	-	-
Venezuela	27 534.19	27 534.19	0.00	100.00
<1> Yugoslavia	-	-	-	-
Total	1 983 912.39	1 939 087.47	44 824.92	97.74

<1> Reports on contributing oil receipts in 1996 not submitted by 31.12.98

<2> Not a Member State at the time of the *Osung N° 3* incident (3.04.97)

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

<4> Reports of contributing oil receipts in 1996 submitted, but insufficient details for invoicing

**ANNUAL CONTRIBUTIONS OUTSTANDING FOR
PREVIOUS FINANCIAL PERIODS AS AT 31 DECEMBER 1998**

General Fund and Major Claims Funds

State	Assessment £	Receipt £	Outstanding £
Bahamas (<i>Sea Prince/Yeo Myung/Yuil N°1</i> , 1995)	137 864.50	93 171.48	44 693.02
Bahamas (<i>Sea Prince/Yeo Myung/Yuil N°1</i> , 1996 1st levy)	87 223.82	50 213.54	37 010.28
Bahamas (<i>Sea Prince/Yeo Myung/Yuil N°1</i> , 1996 2nd levy)	73 749.60	42 456.62	31 292.98
Bahamas (<i>Sea Empress</i> , 1996 1st levy)	29 892.53	9 687.69	20 204.84
Bahamas (<i>Sea Empress</i> , 1996 2nd levy)	59 718.42	19 353.78	40 364.64
<1> China (Hong Kong SAR)	-	-	-
Côte d'Ivoire (1995)	13 620.41	0.00	13 620.41
Côte d'Ivoire (<i>Sea Prince/Yeo Myung/Yuil N°1</i> , 1995)	45 329.75	0.00	45 329.75
Côte d'Ivoire (<i>Senyo Maru</i>)	6 799.46	0.00	6 799.46
Côte d'Ivoire (<i>Sea Prince/Yeo Myung/Yuil N°1</i> , 1996 2nd levy)	24 248.82	1 904.89	22 343.93
Germany (Nakhodka, 1996)	448 383.00	446 230.08	2 152.92
Greece (1994)	88 923.58	86 660.73	2 262.85
Greece (1995)	87 843.28	85 423.12	2 420.16
Greece (<i>Toyotaka Maru</i>)	132 324.25	130 710.53	1 613.72
Greece (<i>Sea Prince/Yeo Myung/Yuil N°1</i> , 1995)	292 348.99	284 294.53	8 054.46
Greece (<i>Senyo Maru</i>)	43 852.34	42 644.17	1 208.17
Greece (<i>Sea Prince/Yeo Myung/Yuil N°1</i> , 1996 1st levy)	184 962.74	179 866.86	5 095.88
Greece (<i>Sea Prince/Yeo Myung/Yuil N°1</i> , 1996 2nd levy)	156 389.95	152 081.27	4 308.68
Indonesia (Nakhodka, 1996)	113 018.97	49 914.28	63 104.69
Italy (<i>Sea Prince/Yeo Myung/Yuil N°1</i> , 1996 1st Levy)	1 594 544.26	1 593 984.37	559.89
Italy (<i>Sea Prince/Yeo Myung/Yuil N°1</i> , 1996 2nd Levy)	1 348 221.17	1 346 681.21	1 539.96
Japan (<i>Sea Empress</i> , 1996 1st levy)	2 369 547.04	2 368 469.35	1 077.69
Japan (<i>Sea Empress</i> , 1996 2nd levy)	4 733 812.61	4 728 235.97	5 576.64
Japan (Nakhodka, 1996)	3 372 600.35	3 370 591.38	2 008.97
Kenya (1993)	10 145.51	7 238.74	2 906.77
Kenya (1994)	11 473.61	6 243.71	5 229.90
Kenya (1995)	10 733.18	5 401.37	5 331.81
Kenya (<i>Taiko Maru</i>)	15 576.40	15 477.67	98.73
Kenya (<i>Keumdong N°5</i> , 1993)	7 788.19	5 556.80	2 231.39
Kenya (<i>Keumdong N°5</i> , 1994)	15 593.07	11 117.79	4 475.28
Kenya (<i>Toyotaka Maru</i>)	17 073.51	12 162.06	4 911.45
Kenya (<i>Sea Prince/Yeo Myung/Yuil N°1</i> , 1995)	35 720.82	17 976.17	17 744.65
Kenya (<i>Senyo Maru</i>)	5 358.14	2 696.44	2 661.70
Kenya (<i>Sea Prince/Yeo Myung/Yuil N°1</i> , 1996 1st levy)	22 599.77	11 373.12	11 226.65
Kenya (<i>Sea Prince/Yeo Myung/Yuil N°1</i> , 1996 2nd levy)	19 108.59	9 616.22	9 492.37
Kenya (<i>Sea Empress</i> , 1996 1st levy)	14 805.28	11 555.15	3 250.13
Kenya (<i>Sea Empress</i> , 1996 2nd levy)	29 577.55	23 084.56	6 492.99
Kenya (Nakhodka, 1996)	19 127.99	13 620.27	5 507.72
Kuwait (<i>Aegean Sea</i> , 1993)	63 303.09	0.00	63 303.09
Kuwait (<i>Aegean Sea</i> , 1994)	47 456.74	0.00	47 456.74
Malta (1991)	42.52	42.10	0.42
Malta (1993)	4 447.24	4 257.45	189.79
Malta (1994)	2 338.52	2 311.17	27.35
Malta (1995)	3 878.33	3 663.50	214.83
Malta (<i>Aegean Sea</i> , 1993)	10 689.27	10 644.54	44.73
Malta (<i>Braer</i> , 1993)	20 979.38	20 084.09	895.29
Malta (<i>Braer</i> , 1995)	8 409.33	8 050.46	358.87
Malta (<i>Taiko Maru</i>)	5 462.26	5 229.16	233.10
Malta (<i>Keumdong N°5</i> , 1994)	5 477.57	5 243.82	233.75
Malta (<i>Toyotaka Maru</i>)	3 479.87	3 445.01	34.86
Malta (<i>Sea Prince/Yeo Myung/Yuil N°1</i> , 1995)	12 907.39	12 192.41	714.98

State	Assessment £	Receipt £	Outstanding £
Malta (<i>Sea Prince/Yeo Myung/Yuil N°1</i> , 1996 1st levy)	8 166.21	7 713.86	452.35
Malta (<i>Sea Prince/Yeo Myung/Yuil N°1</i> , 1996 2nd levy)	6 904.71	6 522.24	382.47
Malta (<i>Sea Empress</i> , 1996 1st levy)	7 659.06	7 034.33	624.73
Malta (<i>Sea Empress</i> , 1996 2nd levy)	15 301.04	14 052.98	1 248.06
Malta (<i>Nakhodka</i> , 1996)	10 047.44	8 385.95	1 661.49
Morocco (<i>Sea Prince/Yeo Myung/Yuil N°1</i> , 1996 2nd levy)	60 998.60	57 827.99	3 170.61
Morocco (<i>Sea Empress</i> , 1996 2nd levy)	107 464.79	86 271.74	21 193.05
<2> Netherlands (1995)	499 658.62	497 650.46	2 008.16
<2> Netherlands (<i>Sea Prince/Yeo Myung/Yuil N°1</i> , 1995)	1 662 901.20	1 656 217.91	6 683.29
<2> Netherlands (<i>Senyo Maru</i>)	249 435.18	248 432.69	1 002.49
<2> Netherlands (<i>Sea Prince/Yeo Myung/Yuil N°1</i> , 1996 1st levy)	1 052 080.82	1 047 852.46	4 228.36
<2> Netherlands (<i>Sea Prince/Yeo Myung/Yuil N°1</i> , 1996 2nd levy)	889 556.76	885 981.59	3 575.17
<2> Netherlands (<i>Nakhodka</i> , 1996)	1 262 039.01	1 248 202.91	13 836.10
Nigeria (1989)	2 033.79	0.00	2 033.79
Nigeria (1990)	475.84	0.00	475.84
Nigeria (1991)	6 437.67	0.00	6 437.67
Nigeria (1993)	5 453.09	0.00	5 453.09
Nigeria (1995)	3 778.89	0.00	3 778.89
Nigeria (<i>Haven</i> , 1991)	19 313.01	0.00	19 313.01
Nigeria (<i>Haven</i> , 1992)	12 745.92	0.00	12 745.92
Nigeria (<i>Rio Orinoco</i>)	6 339.35	0.00	6 339.35
Nigeria (<i>Volgoneft 263</i>)	926.36	0.00	926.36
Nigeria (<i>Braer</i> , 1993)	25 724.40	0.00	25 724.40
Nigeria (<i>Braer</i> , 1995)	10 311.31	0.00	10 311.31
Nigeria (<i>Aegean Sea</i> , 1993)	29 314.79	0.00	29 314.79
Nigeria (<i>Aegean Sea</i> , 1994)	21 976.56	0.00	21 976.56
Nigeria (<i>Taiko Maru</i>)	1 588.41	0.00	1 588.41
Nigeria (<i>Keumdong N°5</i> , 1993)	3 348.85	0.00	3 348.85
Nigeria (<i>Keumdong N°5</i> , 1994)	6 716.46	0.00	6 716.46
Nigeria (<i>Sea Prince/Yeo Myung/Yuil N°1</i> , 1995)	12 576.43	0.00	12 576.43
Nigeria (<i>Senyo Maru</i>)	1 886.46	0.00	1 886.46
Nigeria (<i>Sea Prince/Yeo Myung/Yuil N°1</i> , 1996 1st levy)	7 956.83	0.00	7 956.83
Nigeria (<i>Sea Prince/Yeo Myung/Yuil N°1</i> , 1996 2nd levy)	6 727.67	0.00	6 727.67
Nigeria (<i>Sea Empress</i> , 1996 1st levy)	1 858.03	0.00	1 858.03
Nigeria (<i>Sea Empress</i> , 1996 2nd levy)	3 711.92	0.00	3 711.92
Nigeria (<i>Nakhodka</i> , 1996)	9 192.85	0.00	9 192.85
Russian Federation (General Fund 1993)	3 000.60	0.00	3 000.60
Russian Federation (General Fund 1994)	2 102.12	0.00	2 102.12
Russian Federation (General Fund 1995)	2 343.39	1 520.76	822.63
Russian Federation (<i>Taiko Maru</i>)	3 685.48	1 285.94	2 399.54
Russian Federation (<i>Keumdong N°5</i> , 1993)	1 842.73	0.00	1 842.73
Russian Federation (<i>Keumdong N°5</i> , 1994)	3 695.78	0.00	3 695.78
Russian Federation (<i>Braer</i> , 1993)	14 155.03	0.00	14 155.03
Russian Federation (<i>Braer</i> , 1995)	5 673.87	0.00	5 673.87
Russian Federation (<i>Toyotaka Maru</i>)	3 128.10	1 629.01	1 499.09
Russian Federation (<i>Sea Prince/Yeo Myung/Yuil N°1</i> , 1995)	7 798.96	0.00	7 798.96
Russian Federation (<i>Senyo Maru</i>)	1 169.84	0.00	1 169.84
Russian Federation (<i>Sea Prince/Yeo Myung/Yuil N°1</i> , 1996 1st le	4 934.23	0.00	4 934.23
Russian Federation (<i>Sea Prince/Yeo Myung/Yuil N°1</i> , 1996 2nd l	4 172.00	0.00	4 172.00
Russian Federation (<i>Sea Empress</i> , 1996 1st levy)	3 041.52	0.00	3 041.52
Russian Federation (<i>Sea Empress</i> , 1996 2nd levy)	6 076.25	0.00	6 076.25
Russian Federation (<i>Nakhodka</i> , 1996)	3 536.44	0.00	3 536.44
Sweden (<i>Sea Empress</i> , 1996 1st levy)	163 954.08	163 861.39	92.69
Sweden (<i>Sea Empress</i> , 1996 2nd levy)	327 542.74	327 172.37	370.37
Syrian Arab Republic (<i>Rio Orinoco</i>)	3 120.74	2 643.02	477.72
United Kingdom (<i>Keumdong N°5</i> , 1994)	30 655.07	29 098.90	1 556.17
United Kingdom (<i>Nakhodka</i> , 1996)	24.98		24.98
United Kingdom (<i>Braer</i> , 1995)	47 062.55	44 995.03	2 067.52

State	Assessment £	Receipt £	Outstanding £
Union of Soviet Socialist Republics (1991)	48 799.35	41 094.20	7 705.15
Union of Soviet Socialist Republics (<i>Rio Orinoco</i>)	85 649.43	28 385.38	57 264.05
Union of Soviet Socialist Republics (<i>Haven</i> , 1991)	146 398.02	64 662.36	81 735.66
Yugoslavia (1991)	48 038.06	30 933.84	17 104.22
Yugoslavia (<i>Rio Orinoco</i>)	64 590.16	30 111.52	34 478.64
Yugoslavia (<i>Haven</i> , 1991)	144 114.17	93 941.37	50 172.80
Yugoslavia (<i>Haven</i> , 1992)	35 361.82	0.00	35 361.82
Yugoslavia (<i>Volgoneft 263</i>)	3 685.58	0.00	3 685.58
Total	23 120 734.38	21 944 341.83	1 176 392.55

<1> Amounts included in United Kingdom total, as invoice issued whilst Hong Kong a dependent territory of the United Kingdom

<2> One contributor has gone bankrupt. Claim has been registered in bankruptcy proceedings

**Annual contributions not yet assessed for previous financial periods due to non-submission
of reports on contributing oil receipts for relevant year as at 31 December 1998**

Albania	General Fund	(1994, 1995, 1996)
	Major Claims Funds	(<i>Toyotaka Maru</i> , <i>Sea Prince/Yeo Myung/Yuil N°1</i> (1995 & 1996), <i>Senyo Maru</i> , <i>Sea Empress</i> (1996), <i>Nakhodka</i> (1996))
Benin	General Fund	(1993, 1994, 1995, 1996)
	Major Claims Funds	(<i>Aegean Sea</i> (1993 & 1994), <i>Braer</i> (1993, 1995), <i>Taiko Maru</i> , <i>Keumdong N°5</i> (1993 & 1994), <i>Toyotaka Maru</i> , <i>Sea Prince/Yeo Myung/Yuil N°1</i> (1995 & 1996), <i>Senyo Maru</i> , <i>Sea Empress</i> (1996), <i>Nakhodka</i> (1996))
Cameroon	Major Claims Funds	(<i>Nakhodka</i> (1996))
Fiji	Major Claims Funds	(<i>Nakhodka</i> (1996))
Gabon	General Fund	(1989, 1990, 1991, 1993, 1994, 1995, 1996)
	Major Claims Funds	(<i>Rio Orinoco</i> , <i>Volgoneft 263</i> , <i>Haven</i> (1991 & 1992), <i>Aegean Sea</i> (1993 & 1994), <i>Braer</i> (1993, 1995), <i>Taiko Maru</i> , <i>Keumdong N°5</i> (1993 & 1994), <i>Toyotaka Maru</i> , <i>Sea Prince/Yeo Myung/Yuil N°1</i> (1995 & 1996), <i>Senyo Maru</i> , <i>Sea Empress</i> (1996), <i>Nakhodka</i> (1996))
Mauritania	General Fund	(1996)
	Major Claims Fund	(<i>Sea Empress</i> (1996), <i>Nakhodka</i> (1996))
Nigeria	General Fund	(1987)
Qatar	Major Claims Funds	(<i>Nakhodka</i> (1996))
Saint Kitts and Nevis	General Fund	(1994, 1996)
	Major Claims Funds	(<i>Sea Empress</i> (1996), <i>Nakhodka</i> (1996))
Sierra Leone	General Fund	(1993, 1994, 1995, 1996)
	Major Claims Funds	(<i>Toyotaka Maru</i> , <i>Sea Prince/Yeo Myung/Yuil N°1</i> (1995 & 1996), <i>Senyo Maru</i> , <i>Sea Empress</i> (1996), <i>Nakhodka</i> (1996))
Slovenia	General Fund	(1993, 1994)
	Major Claims Funds	(<i>Aegean Sea</i> (1993 & 1994), <i>Braer</i> (1993, 1995), <i>Taiko Maru</i> , <i>Keumdong N°5</i> (1993 & 1994), <i>Toyotaka Maru</i>)
Syrian Arab Republic	General Fund	(1991, 1993, 1994, 1995, 1996)
	Major Claims Funds	(<i>Haven</i> (1991 & 1992), <i>Aegean Sea</i> (1993 & 1994), <i>Braer</i> (1993, 1995), <i>Taiko Maru</i> , <i>Keumdong N°5</i> (1993 & 1994), <i>Toyotaka Maru</i> , <i>Sea Prince/Yeo Myung/Yuil N°1</i> (1995 & 1996), <i>Senyo Maru</i> , <i>Sea Empress</i> (1996), <i>Nakhodka</i> (1996))
Tuvalu	General Fund	(1994, 1995, 1996)
	Major Claims Funds	(<i>Toyotaka Maru</i> , <i>Sea Prince/Yeo Myung/Yuil N°1</i> (1995 & 1996), <i>Senyo Maru</i> , <i>Sea Empress</i> (1996), <i>Nakhodka</i> (1996))
United Arab Emirates	Major Claims Funds	(<i>Nakhodka</i> (1996))

INITIAL CONTRIBUTIONS AS AT 31 DECEMBER 1998

State	Assessment £	Receipt £	Outstanding £	% Paid
<i>Assessed in 1996:</i>				
Malta	1 162.04	1 150.57	11.47	99.01
<i>Assessed in 1997:</i>				
Kenya	5 034.23	3 591.88	1 442.35	71.35
Total	6 196.27	4 742.45	1 453.82	76.54

Initial contributions not yet assessed due to non-submission by 31.12.98 of reports on contributing oil receipts for relevant year

Albania	(1994)
Antigua and Barbuda	(1997)
Colombia	(1997)
Guyana	(1998)
Mauritania	(1996)
Mozambique	(1997)
Nigeria	(1987)
Saint Kitts and Nevis	(1994)
Sierra Leone	(1993)

SCHEDULE II

**REPORT ON PAYMENT OF CLAIMS FOR THE FINANCIAL
PERIOD 1 JANUARY - 31 DECEMBER 1998**

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 1998 in respect of various incidents amounted to £30,838,205. This amount is made up as follows:

	£
General Fund	2,354,314
<i>Vistabella</i> Major Claims Fund	26,666
<i>Haven</i> Major Claims Fund	220,872
<i>Aegean Sea</i> Major Claims Fund	1,302,560
<i>Braer</i> Major Claims Fund	249,796
<i>Keumdong N°5</i> Major Claims Fund	101,562
<i>Sea Prince</i> Major Claims Fund	4,651,325
<i>Yeo Myung</i> Major Claims Fund	161,725
<i>Yuil N°1</i> Major Claims Fund	7,041,971
<i>Sea Empress</i> Major Claims Fund	2,834,457
<i>Nakhodka</i> Major Claims Fund	6,961,849
<i>Nissos Amorgos</i> Major Claims Fund	-
<i>Osung N°3</i> Major Claims Fund	<u>4,931,108</u>
	<u>30,838,205</u>

3 The amount of £2,354,314 relating to the General Fund is inclusive of the balance of the first 1 million SDR in respect of the *Osung N°3* Major Claims Fund (£845,906) and part of the first 1 million SDR in respect of the *Nissos Amorgos* Major Claims Fund (£849,762).

4 With regard to the *Vistabella* incident, there was an increase of £3,312 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 £321,454 amounted to £23,353.

5 In respect of the *Osung N°3* incident, the sum of £725,420 was paid from the General Fund. This amount constituted the balance of the first 1 million SDR (£845,906) of which £120,486 had already been paid by the end of 1997. An amount of £2,038,837 in excess of 1 million SDR was paid from contributions received on 1 February 1998 in respect of the *Osung N°3* Major Claims Fund and the balance of £2,892,271 was paid from loans taken from the *Aegean Sea* Major Claims Fund, pending further receipts of contributions to be levied in respect of the *Osung N°3* Major Claims Fund. The interest charged on the loans in 1998 amounted to £2,729. It should be noted that in the light of the decision made by the 59th session of the 1971 Fund's Executive Committee to pay 100% of the established claims in the *Osung N°3* incident, payments made by the 1992 Fund in relation to this incident were repaid, with interest, by the 1971 Fund during 1998.

6 In general, the position as at 31 December 1998 was as follows:

Incident	Year	Compensation/ Indemnification £	Fees and related costs £	Other costs £	Total £
1 Irving Whale	1998	-	38 238	76	38 314
	1997	-	-	66	66
	Total to date	-	38 238	142	38 380
2 Vistabella	1998	-	3 294	23 372	26 666
	1997	-	17 789	20 459	38 248
	1996	-	1 151	18 618	19 769
	1995	-	5 018	20 541	25 559
	1994	986 948	4 451	11 407	1 002 806
	1993	-	5 025	-	5 025
	1992	4 509	-	33	4 542
	1991	11 055	8 448	13 696	33 199
	Total to date	1 002 512	45 176	108 126	1 155 814
3 Haven	1998	-	218 943	1 929	220 872
	1997	-	523 655	3 230	526 885
	1996	2 048 108	662 958	3 286	2 714 352
	1995	-	766 379	11 607	777 986
	1994	-	656 932	7 269	664 201
	1993	-	726 190	39 064	765 254
	1992	-	582 917	43 964	626 881
	1991	-	221 927	64 838	286 765
	Total to date	2 048 108	4 359 901	175 187	6 583 196
4 Aegean Sea	1998	1 052 359	239 593	10 608	1 302 560
	1997	-	297 031	3 431	300 462
	1996	356 613	698 706	7 549	1 062 868
	1995	2 028 253	524 630	17 184	2 570 067
	1994	1 741 542	436 190	7 487	2 185 219
	1993	-	170 819	13 054	183 873
	1992	-	-	2 259	2 259
	Total to date	5 178 767	2 366 969	61 572	7 607 308
5 Braer	1998	(3 697)	245 149	8 344	249 796
	1997	-	241 379	12 013	253 392
	1996	(1 454)	570 150	71 043	639 739
	1995	6 461 809	625 796	335 103	7 422 708
	1994	20 451 175	1 119 505	73 345	21 644 025
	1993	13 732 446	650 584	259 796	14 642 826
	Total to date	40 640 279	3 452 563	759 644	44 852 486
6 Keumdong N°5	1998	-	101 513	49	101 562
	1997	-	57 437	70	57 507
	1996	5 639 236	133 907	179	5 773 322
	1995	-	208 789	350	209 139
	1994	3 016 459	435 779	16 695	3 468 933
	1993	1 000 667	8 507	291	1 009 465
	Total to date	9 656 362	945 932	17 634	10 619 928

Incident	Year	Compensation/ Indemnification £	Fees and related costs £	Other costs £	Total £
7 Illad	1998	-	-	-	-
	1997	-	-	-	-
	1996	-	-	-	-
	1995	-	-	-	-
	1994	-	-	125	125
	Total to date	-	-	125	125
8 Seki	1998	-	9 252	52	9 304
	1997	-	18 928	84	19 012
	1996	-	30 228	18	30 246
	1995	-	-	6 607	6 607
	Total to date	-	58 408	6 761	65 169
9 Boyang N°51	1998	-	1 200	-	1 200
	Total to date	-	1 200	-	1 200
10 Dae Woong	1998	360 280	43 936	8	404 224
	1997	-	-	-	-
	1996	35 646	1 209	16	36 871
	1995	-	1 433	7	1 440
	Total to date	395 926	46 578	31	442 535
11 Sea Prince	1998	4 086 510	562 847	1 968	4 651 325
	1997	4 315 189	237 500	5 330	4 558 019
	1996	2 000 000	180 244	230	2 180 474
	1995	-	128 348	67	128 415
	Total to date	10 401 699	1 108 939	7 595	11 518 233
12 Yeo Myung	1998	147 141	14 536	48	161 725
	1997	317 850	64 557	56	382 463
	1996	432 863	154 689	69	587 621
	1995	87 902	463	71	88 436
	Total to date	985 756	234 245	244	1 220 245
13 Yull N°1	1998	6 798 140	233 936	9 895	7 041 971
	1997	41 846	125 840	1 605	169 291
	1996	5 959 273	313 035	8 592	6 280 900
	1995	1 354 804	-	642	1 355 446
	Total to date	14 154 063	672 811	20 734	14 847 608
14 Honam Sapphire	1998	-	65 461	34	65 495
	1997	-	11 780	35	11 815
	1996	-	9 594	156	9 750
	Total to date	-	86 835	225	87 060
15 Sea Empress	1998	2 350 654	480 353	3 450	2 834 457
	1997	6 045 226	952 762	18 140	7 016 128
	1996	-	995 505	15 133	1 010 638
	Total to date	8 395 880	2 428 620	36 723	10 861 223

Incident	Year	Compensation/ Indemnification £	Fees and related costs £	Other costs £	Total £
16 N°1 Jung Yung	1998	293 032	83 745	15	376 792
	1997	-	25 554	64	25 618
	1996	-	3 412	3	3 415
	Total to date	293 032	112 711	82	405 825
17 Nakhodka	1998	5 463 564	1 424 910	73 375	6 961 849
	1997	22 583 161	2 391 532	189 405	25 164 098
	Total to date	28 046 725	3 816 442	262 780	32 125 947
18 Tsubame Maru N°31	1998	31 984	-	-	31 984
	Total to date	31 984	-	-	31 984
19 Nissos Amorgos	1998	-	100 189	9 114	109 303
	1997	-	147 391	2 897	150 288
	Total to date	-	247 580	12 011	259 591
20 Daiwa Maru N°18	1998	54 970	1 848	53	56 871
	Total to date	54 970	1 848	53	56 871
21 Jeong Jin N°101	1998	100 645	7 116	29	107 790
	1997	-	42 450	59	42 509
	Total to date	100 645	49 566	88	150 299
22 Osung N°3	1998	5 182 869	432 863	40 796	5 656 528
	1997	-	116 365	4 121	120 486
	Total to date	5 182 869	549 228	44 917	5 777 014
23 Plate Princess	1998	-	8 739	49	8 788
	1997	-	12 650	145	12 795
	Total to date	-	21 389	194	21 583
24 Katja	1998	-	-	663	663
	1997	-	-	729	729
	Total to date	-	-	1 392	1 392
25 Evoikos	1998	-	1 318	9	1 327
	Total to date	-	1 318	9	1 327
26 Kyungnam N°1	1998	-	12 185	9	12 194
	Total to date	-	12 185	9	12 194
27 Pontoon 300	1998	264 887	132 402	271	397 560
	Total to date	264 887	132 402	271	397 560
28 Maritza Sayalero	1998	-	5 682	1 403	7 085
	Total to date	-	5 682	1 403	7 085

SCHEDULE III

**DETAILS OF CONTINGENT LIABILITIES OF THE 1971 FUND
AS AT 31 DECEMBER 1998**

1 There are contingent liabilities of the 1971 Fund estimated at £306 909 000 with regard to 22 incidents as at 31 December 1998.

2 Details of the contingent liabilities, given in rounded figures, are set out below.

Incident	Date	Compensation £	Indemnification £	Other Costs £	Total Contingent Liability £
1 <i>Vistabella</i>	7.3.91	0	0	40 000	40 000
2 <i>Haven</i>	11.4.91	26 637 000	2 500 000	600 000	29 737 000
3 <i>Aegean Sea</i>	3.12.92	29 970 000	1 190 000	500 000	31 660 000
4 <i>Braer</i>	5.1.93	5 086 000	1 212 000	300 000	6 598 000
5 <i>Keumdong N°5</i>	27.9.93	7 112 000	10 000	200 000	7 322 000
6 <i>Iliad</i>	9.10.93	4 191 000	803 000	200 000	5 194 000
7 <i>Sea Prince</i>	23.7.95	21 894 000	4 825 000	100 000	26 819 000
8 <i>Yeo Myung</i>	3.8.95	1 116 000	3 000	50 000	1 169 000
9 <i>Yuil N°1</i>	21.9.95	8 608 000	60 000	50 000	8 718 000
10 <i>Sea Empress</i>	15.2.96	24 000 000	1 879 000	300 000	26 179 000
11 <i>Kriti Sea</i>	9.8.96	6 995 000	1 202 000	10 000	8 207 000
12 <i>N°1 Yung Jung</i>	15.8.96	0	0	50 000	50 000
13 <i>Nakhodka</i>	2.1.97	21 679 000	336 000	1 400 000	23 415 000
14 <i>Nissos Amorgos</i>	28.2.97	46 613 000	1 108 000	200 000	47 921 000
15 <i>Osung N°3</i>	3.4.97	2 441 000	23 000	50 000	2 514 000
16 <i>Plate Princess</i>	27.5.97	14 967 000	767 000	15 000	15 749 000
17 <i>Diamond Grace</i>	2.7.97	0	0	5 000	5 000
18 <i>Katja</i>	7.8.97	0	83 000	5 000	88 000
19 <i>Evoikos</i>	15.10.97	4 180 000	1 682 000	20 000	5 882 000
20 <i>Kyungnam N°1</i>	7.11.97	464 000	7 000	50 000	521 000
21 <i>Pontoon 300</i>	7.1.98	50 812 000	0	200 000	51 012 000
22 <i>Maritza Sayalero</i>	8.6.98	8 094 000	0	15 000	8 109 000
TOTAL		284 859 000	17 690 000	4 360 000	306 909 000

3 Out of these contingent liabilities, a total of £35.4 million has been liquidated as at 31 May 1999. This amount relates mainly to the payment of compensation in respect of the *Haven*, *Yuil N°1*, *Sea Empress*, *Nakhodka* and *Osung N°3* incidents, and to the payment of fees in respect of the *Haven*, *Aegean Sea*, *Braer*, *Sea Prince*, *Yuil N°1*, *Sea Empress*, *Nakhodka*, *Nissos Amorgos* and *Osung N°3* incidents.

4 The assessment of contingent liabilities in respect of the *Haven* incident has presented a special problem for a number of years.

As a result of the *Haven* incident, claims which at 31 December 1998 totalled Lit 1 648 435 million (£600 million) plus FF79 872 311 (£8.6 million) had been submitted to the Court of first instance in Genoa (Italy). In addition, there were non-quantified claims relating to damage to the marine environment.

The 1971 Fund has taken the position 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 equalling 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 £281 million), instead of Lit 102 643 800 000 (approximately £37 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 by the Court of Appeal in Genoa. The 1971 Fund 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 the 19th session of the Assembly held in October 1996, the Assembly instructed the Director to explore, with the Italian Government and the shipowner and his P & I insurer (the United Kingdom Mutual Steam Ship Assurance Association (Bermuda) Ltd (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.

In 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 (£68 million), plus interest and compensation for devaluation. The 1971 Fund 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.

By the end of 1997 the shipowner/UK Club had settled and paid all Italian claims covered by the judge's decision, except that of the State of Italy. Agreements on quantum had been reached by the 1971 Fund with the French State and all other French public bodies and with the Principality of Monaco.

In July 1998 the Italian Parliament adopted a Bill enabling the Government to conclude an agreement for a global settlement fulfilling the conditions laid down by the Assembly and the Executive Committee.

On 4 March 1999 the Italian State, the shipowner, the UK Club and the 1971 Fund signed an agreement on a global settlement of all outstanding issues. Under the agreement all legal actions in the Italian courts will be withdrawn. A separate agreement was concluded between the shipowner/UK Club under which the 1971 Fund will, as part of a global settlement, pay £2.5 million in indemnification under Article 5.1 of the 1971 Fund Convention.

The agreement between the Italian State, the shipowner/UK Club and the 1971 Fund is based on a maximum amount available under the 1969 Civil Liability Convention and the 1971 Fund Convention of 60 million SDR, and the amount to be paid by the 1971 Fund to the Italian State does not relate to environmental damage.

The consequences for the 1971 Fund of the global settlement are as follows:

		Lit
Total available under 1969/1971 Conventions (60 million SDR), converted using rate applicable on date shipowner's limitation fund established		102 643 800 000
Less	Shipowner's limitation amount (14 million SDR)	<u>- 23 950 220 000</u>
		78 693 580 000
Less	Payments made by 1971 Fund to two Italian contractors	<u>- 1 582 341 690</u>
		77 111 238 310
Less	Payments made by 1971 Fund to French public bodies other than the French State (FFr10 659 469)	<u>- 3 321 490 540</u>
		73 789 747 770
Less	Payments made by 1971 Fund	
	- To French State	FFr12 580 724
	- To Principality of Monaco	<u>270 035</u>
		FFr12 850 759
		<u>- 3 787 118 677</u>
Balance paid by 1971 Fund to Italian State		70 002 629 093
Payment to UK Club (indemnification of the shipowner)		£2 500 000

In May and June 1999, the 1971 Fund made the payments to the Italian State, the French State, the Principality of Monaco and the UK Club.

5 Concerning the *Aegean Sea* incident, claims totalling £105 million have been presented to the Spanish Criminal Court of first instance. It is understood that a number of claimants have brought action against *inter alia* the 1971 Fund in the Civil Court in La Coruña and that these claims may total £93 million. Claims have been paid for a total of Pts 1 712 million (£8.5 million), out of which the 1971 Fund has paid Pts 930 million (£4.5 million) and the shipowner's P & I insurer Pts 782 million (£4.0 million). In a judgement rendered in 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 were lodged against the judgement by a number of parties, including the 1971 Fund. In a judgement rendered in June 1998, the Court of Appeal in the main upheld the Criminal Court's judgement.

6 With regard to the *Braer* incident, as at 31 December 1998 claims had been approved, wholly or partly, for a total amount of £50.6 million, out of which £45.4 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 £42 million. Further claims were time-barred on or shortly after 5 January 1996.

Some of the claimants took legal action to preserve their rights, 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.

7 Concerning the *Sea Empress* incident, claims had been approved for a total of £15.4 million as at 31 December 1998. Further claims became time barred on or shortly after 15 February 1999. Legal actions have been taken against the 1971 Fund by some 190 claimants. It is estimated that the total amount of the outstanding claims is in the region of £25 million.

8 The total amount of the established claims arising out of the *Nakhodka* incident will exceed the maximum amount available under the 1971 Fund Convention, ie 60 million SDR. Additional compensation will be available under the 1992 Fund Convention.

9 The *Nissos Amorgos* incident has given rise to claims which by far exceed 60 million SDR. In the 1971 Fund's view, the major part of these claims is not admissible under the 1969 Civil Liability Convention and the 1971 Fund Convention.

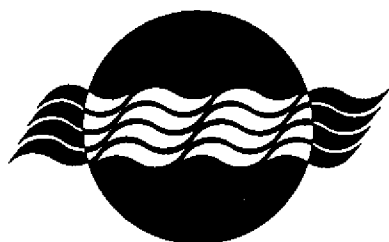
10 As for the *Diamond Grace* incident, it is unlikely that the total amount of the established claims will exceed the limitation amount applicable to that vessel. The 1971 Fund will therefore probably not be called upon to make any compensation payments in respect of this incident.

11 As for the *Pontoon 300* incident, it is unlikely that the shipowner will make any payments to claimants.

12 In the *Mariza Sayalero* case, legal action has been taken against the shipowner and his P&I insurer relating to a claim for BS10 000 million (£10.6 million), and the claimant has requested that the Court should notify the 1971 Fund of the action. In the 1971 Fund's view, the incident falls outside the scope of application of the 1969 Civil Liability Convention and the 1971 Fund Convention.

13 High amounts in lawyers' and surveyors' fees have been included in the contingent liabilities in respect of the *Haven*, *Aegean Sea*, *Braer*, *Sea Empress* and *Nakhodka* incidents. The amounts have been estimated on the basis of the likely volume of work to be carried out.

14 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 1998.



INTERNATIONAL
OIL POLLUTION
COMPENSATION
FUND 1971

ASSEMBLY
22nd session
Agenda item 11

71FUND/A.22/9
25 July 1999

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APPOINTMENT OF MEMBERS OF THE INVESTMENT ADVISORY BODY

Note by the Director

Summary:

The Investment Advisory Body is composed of three experts appointed by the Assembly for one year.

Action to be taken:

Appointment of members of the Investment Advisory Body.

1 The Assembly decided at its 17th session to set up an Investment Advisory Body composed of external experts with special knowledge in investment matters, to advise the Director in general terms on such matters. It was decided that the Body should be composed of three persons appointed by the Assembly for one year and that the members would be eligible for reappointment for consecutive terms (document FUND/A.17/35, paragraph 23.2). The mandate of the Body is set out in the Annex to document FUND/A.17/35.

2 At its 59th session the Executive Committee, acting on behalf of the Assembly, appointed Mr Clive Ffitch, Mr David Jude and Mr Simon Whitney-Long as members of the Investment Advisory Body for a term of one year (document 71FUND/EXC.59/17/A.21/24, paragraph 12). The present members of the Investment Advisory Body have confirmed, upon the invitation of the Director, that they would be pleased to be proposed for reappointment.

Action to be taken by the Assembly

3 The Assembly is invited to appoint members of the Investment Advisory Body.
