

INTERNATIONAL
OIL POLLUTION
COMPENSATION
FUND

ASSEMBLY
15th session
Agenda item 6

FUND/A.15/4
15 July 1992

Original: ENGLISH

FINANCIAL STATEMENTS AND AUDITOR'S REPORT AND OPINION

Note by the Director

1 In accordance with Article 29.2(f) of the Fund Convention, the Director has prepared the Financial Statements of the IOPC Fund for the Financial Year 1991. Pursuant to Financial Regulation 10.9, the External Auditor has submitted to the Assembly, through its Chairman, his Report on the audit of the financial statements of the IOPC Fund for the financial period ended 31 December 1991. The Director has prepared comments on the financial statements. These comments and the Auditor's Report are at Annexes I and II, respectively.

2 Following the changes in the format of the Financial Statements for the Financial Year 1990, the presentation of the Balance Sheet for 1991 has been changed in comparison with those for previous financial periods. The changes have been made in consultation with the External Auditor. They are intended to facilitate the interpretation of the Balance Sheet.

3 The changes in the presentation of the Balance Sheet are as follows:

- (a) The footnote on contingent liabilities has been deleted from the Balance Sheet. Since the assessment of contingent liabilities in respect of claims for compensation leads at present to very high figures, it could be misleading to include these figures in a footnote to the Balance Sheet. The assessed amounts are not matched by assets but are met by contributions levied by the Assembly as and when the liabilities mature.

As required under Financial Regulation 9.3(b), details of contingent liabilities are being given in Schedule III. Reference to the contingent liabilities is also made in the Notes to the Financial Statements under Significant Accounting Policies (item (d)).

- (b) The footnote on office supplies and equipment has also been removed from the Balance Sheet. It has been considered sufficient to indicate the value of these assets in Note 12(b) to the Financial Statements.

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

5 This year, the External Auditor has amended the structure and content of his Report to bring the format and text into line with the most recent recommendations of the Panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency. The changes to the Report are designed to assist the readers' understanding of the External Auditor's objectives and approach.

6 The certified financial statements for the financial period 1 January to 31 December 1991 are at Annex IV.

Action to be Taken by the Assembly

7 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 1991**

INTRODUCTION

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

- (a)
 - (i) a Statement of Appropriations and Obligations Incurred;
 - (ii) Income and Expenditure Accounts for all funds;
 - (iii) a Balance Sheet;
- (b) such notes as may be necessary for a better understanding of the financial statements, including a statement of the significant accounting policies and details of contingent liabilities.

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

1.3 The following financial statements for the period 1991 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 1991
Statement II	Income and Expenditure Account in respect of the General Fund for the Financial Period 1 January - 31 December 1991
Statement III	Income and Expenditure Account in respect of Major Claims Fund BRADY MARIA for the period ended 31 December 1991
Statement IV	Income and Expenditure Account in respect of Major Claims Fund KASUGA MARU N°1 for the period ended 31 December 1991
Statement V	Income and Expenditure Account in respect of Major Claims Fund THUNTANK 5 for the period ended 31 December 1991
Statement VI	Provident Fund Account for the Financial Period 1 January - 31 December 1991
Statement VII	Balance Sheet of the IOPC Fund as at 31 December 1991.

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

Schedule I Report on Contributions during the Financial Period 1 January – 31 December 1991 and on Contributions Outstanding for Previous Financial Periods

Schedule II Report on Payment of Claims for the Financial Period 1 January – 31 December 1991

Schedule III Details of Contingent Liabilities as at 31 December 1991.

2 COMMENTS ON THE RESPECTIVE FINANCIAL STATEMENTS

2.1 Comments on the Statement of Budget Appropriations and Obligations Incurred in respect of the General Fund for the Financial Period 1991

The total obligations incurred amount to £517,583 as compared with the appropriations of £530,390. The savings amount accordingly to £12,807.

Transfers were made between appropriations within and between chapters of the budget, in accordance with Financial Regulation 4.3.

In accordance with the decision of the Assembly at its 14th session (document FUND/A.14/23, paragraph 24.2(a) and (b)) the following transfers were made:

- (a) Transfers were made to Chapter II (General Services) of £21,486 from Chapter I (Personnel) and of £6,213 from Chapter III (Meetings) to cover expenses in Chapter II connected with the expansion of the IOPC Fund's offices and the creation of two new posts;
- (b) An amount of £1,200 was transferred from Chapter III (Meetings) to Chapter V (Miscellaneous Expenses) to cover the increase in audit fee.

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

I Personnel

The total expenditure on personnel was £308,704 as compared with the appropriation of £330,190, resulting in a saving of £21,486. The saving was made out of various appropriations as follows: £18,710 from Salaries, £1,082 from Staff benefits and allowances, and £1,694 from Home leave.

The substantial saving of £21,486 out of the appropriation for Personnel was due mainly to the fact that, following the establishment of a new post as Clerk-Secretary with effect from 1 October 1990, the IOPC Fund did not need temporary assistance in the form of extra staff, whereas the budget was based on the assumption that £10,000 was needed for such assistance.

II General Services

The total expenditure on General Services was £127,699 as compared with the appropriation of £100,000, resulting in an excess expenditure of £27,699.

At its 14th session the Assembly authorised the Director to transfer to Chapter II (General Services) up to £30,000 from other Chapters to cover expenses connected with the expansion of the IOPC Fund's offices and the creation of two new posts (document FUND/A.14/23, paragraph 24.2(a)). The excess expenditure of £27,699 has been covered by such transfers as set out below.

The invoice for the IOPC Fund's rent and other charges relating to office accommodation in 1991 was presented by IMO within the relevant financial period. The charges amounted to £30,897 compared with an appropriation of £27,000. The excess which resulted from the office expansion was

met by the transfer of £3,897 from the appropriation for Printing and publication within the same chapter.

The appropriation of £15,000 for Office machines was exceeded by £10,285. This was due to the purchase of additional machines to meet the needs of an expanded Secretariat. The excess was met by the transfer of an aggregate amount of £10,285, as follows:

- (i) £833, being savings on Office stationery and supplies within the same chapter;
- (ii) £1,084, being savings on extra meeting of the Assembly or Executive Committee from Chapter III;
- (iii) £628, being the residual amount of savings on Printing and publication within the same chapter; and
- (iv) £7,740, being savings on Salaries from Chapter I.

The appropriation of £4,000 for Furniture and other office equipment was exceeded by £18,556. This was due to additional purchases arising from the expansion of the IOPC Fund's offices and the creation of two new posts. The excess was met by the transfer of an amount of £18,556, as follows:

- (i) £10,970, being the residual amount of savings on Salaries in Chapter I;
- (ii) £1,082, being savings on Staff benefits and allowances in Chapter I;
- (iii) £1,694, being savings on Home leave in Chapter I; and
- (iv) £4,810, being savings on the appropriation for meetings of the Intersessional Working Group in Chapter III.

The appropriation of £12,000 for Communications was exceeded by £319, which was met by a transfer from the appropriation for extra meetings of the Assembly or Executive Committee in Chapter III.

The appropriation of £6,000 for Hospitality was exceeded by £1,084, as a result of the IOPC Fund holding receptions in connection with extra meetings of the Executive Committee and a meeting of the Intersessional Working Group. The excess was met by a transfer of £1,004 from Other supplies and services and £80 from Office stationery and supplies, both within the same chapter.

Savings totalling £6,442 were made in respect of three items in this Chapter: £913 out of the appropriation for Office stationery and supplies, £1,004 out of the appropriation for Other supplies and services and £4,525 out of the appropriation for Printing and publication. These savings were used to cover part of the excess on certain items in this chapter mentioned above.

The substantial saving on the appropriation for Printing and publication is a result of the purchase, in 1990, of a PostScript printer used for publishing the Annual Report and other important documents.

III Meetings

The appropriation of £20,000 for the autumn session of the Assembly and Executive Committee was exceeded by £707, which was met by a transfer from the appropriation for one further meeting of the Assembly or Executive Committee.

The 1991 budget contained an appropriation for one meeting of an Intersessional Working Group which had been set up by the Assembly to consider the future of the intergovernmental oil pollution liability system. In fact the Working Group held two meetings, but the costs resulting from the second meeting were paid by the United Kingdom Government.

The Assembly, at its 14th session, approved a supplementary budget appropriation of £10,000 for an extra session of the Executive Committee in December 1991 (document FUND/A.14/23, paragraph 24.3). Only £4,462 of this appropriation was used.

A substantial saving of £17,303 was made from the appropriations in this Chapter for meetings other than the autumn sessions of the Assembly and Executive Committee, as follows:

- (i) £5,011 out of £8,000 for an extra meeting of the Assembly or Executive Committee;
- (ii) £6,754 out of £12,000 for a meeting of the Intersessional Working Group; and
- (iii) £5,538 out of £10,000 for an extra meeting of the Executive Committee.

Out of these savings, £6,213 was used to cover the excess on certain items in Chapter II (General Services) mentioned above and £1,300 to cover the excess amounts on the External audit and Consultants' fees in Chapter V.

IV Conferences and Travel

(a) Conferences and Seminars

The Secretariat participated in various conferences and seminars, as detailed in the IOPC Fund's Annual Report 1991.

As in previous years, the expenses of participating in conferences and seminars were, in some cases, greatly reduced, since the organisers reimbursed either air fares or hotel accommodation, or both. In some cases missions were combined with conferences and seminars, and vice versa. The appropriation for Conferences and seminars was, however, exceeded by £4,321. This excess was met by a transfer from the appropriation for Mission in this Chapter.

(b) Mission

The Director went on mission to Canada, France, Ghana, Italy, Malaysia, Malta, Mauritius, Morocco and Panama, and the Legal Officer went on mission to the Congo and the Republic of Korea.

V Miscellaneous Expenditure

The total expenses on Miscellaneous Expenditure were £23,500 in comparison with the appropriation of £22,200, resulting in a deficit of £1,300.

The appropriation of £10,200 for External audit was exceeded by £1,200, which was met by a transfer from savings on the appropriation for meetings in Chapter III, in accordance with the decision of the Assembly at its 14th session (document FUND/A.14/23, paragraph 24.2(b)).

The appropriation of £8,000 for Consultants' fees was exceeded by £100, which was met by a transfer from the savings on the appropriation for meetings in Chapter III.

2.2 Comments on the Income and Expenditure Account in respect of the General Fund for the financial period 1991

I Income

(a) Contributions

Total contributions receivable amounted to £470,591.

The levy of 1990 annual contributions for the General Fund fixed by the Assembly was £500,000. However, based on the contributing oil receipts figures for 1989 reported by Member States so far, the actual levy is £488,125.

The figure of £17,534 was an adjustment to prior years' assessment of contributions (see Note 3 to the Financial Statements).

Details of contributions receivable as at 31 December 1991 are given in Schedule I.

(b) Miscellaneous

The major part of the income under this head consists of interest earned on the investment of the IOPC Fund's assets. The investment income far exceeded the 1991 budget estimate of £450,000 by £637,778, owing to higher interest rates than anticipated coupled with a much higher average balance on the General Fund than foreseen.

In the 1991 Budget it was estimated that there would be an average balance of £4.5 million, whereas the average balance was in fact £7 million. The Budget was based on the assumption that the general claims expenditure in 1990 would be £2,153,519. In the event the general claims expenditure in 1990 was only £652,907, thus releasing an additional £1.5 million for investment in 1991.

During 1991, the general claims expenditure came to £2,068,854 as compared with the estimate of £3,610,273.

II Expenditure

The figure of £2,586,437 comprises:

- (a) £517,583 expenses of running the IOPC Fund's Secretariat (Statement I); and
- (b) £2,068,854 expenses on claims (Schedule II).

III Excess/(Shortfall) of Income over Expenditure

A deficit of £979,314 was recorded for the financial period ended 31 December 1991.

2.3 Comments on the Income and Expenditure Account in respect of Major Claims Fund BRADY MARIA for the period ended 31 December 1991

I Income

The income of £11,822 represents interest realised from the investment of the balance outstanding in respect of this Major Claims Fund.

II Expenditure

There was no expenditure on this account in 1991, since all outgoings had been met by 31 December 1989.

III Excess of Income over Expenditure

There was a surplus of £11,822 during the financial period 1991. This was added to a balance of £64,565 brought forward from the previous period, resulting in a balance of £76,387 at 31 December 1991. The balance is held over pending the decision of the Assembly concerning the liquidation of this Major Claims Fund.

2.4 Comments on the Income and Expenditure Account In respect of Major Claims Fund KASUGA MARU N°1 for the period ended 31 December 1991

I Income

The income consists of an amount of £6,383, representing interest on overdue contributions, and of an amount of £53,330 realised from the investment of monies received in respect of this Major Claims Fund.

II Expenditure

The figure of £33,932 comprises:

- (a) £16,813, representing compensation in respect of this incident;
- (b) £17,112 paid out in fees; and
- (c) £7 being bank charges for the transfer of funds.

III Excess of Income over Expenditure

There was a surplus of £25,781 during the financial period 1991. This was added to a balance of £275,755 brought forward from the previous financial period, resulting in a balance of £301,536 at 31 December 1991.

2.5 Comments on the Income and Expenditure Account In respect of Major Claims Fund THUNTANK 5 for the period ended 31 December 1991

I Income

The income consists of an amount of £4,272, representing interest on overdue contributions, and of an amount of £18,153 realised from the investment of monies received in respect of this Major Claims Fund.

II Expenditure

The figure of £533 represents fees of £513 and bank charges of £20 for the transfer of funds in respect of this Major Claims Fund.

III Excess of Income over Expenditure

There was a surplus of £21,892 during the financial period 1991. This was added to a balance of £79,827 brought forward from the previous financial period, resulting in a balance of £101,719 at 31 December 1991.

2.6 Comments on the Provident Fund Account for the financial period 1 January – 31 December 1991

I During the financial period 1991 the total contributions to the Provident Fund, in accordance with Staff Regulation 23(b) and Staff Rule VIII.5, amounted to £66,261 of which £22,087 was the participants' share. Interest earned on the total Provident Fund was £39,848.

II After the withdrawal of £2,000 by a staff member under the Housing Loan Scheme, there remained a balance of £343,368 on the accounts of staff members as at 31 December 1991.

2.7 Comments on the Balance Sheet as at 31 December 1991

I Cash at Banks and in Hand

The figure of £4,728,513 is mainly made up of a balance of £3,186,718 belonging to the General Fund. It also includes the balances on the Major Claims Funds, the Contributors' Account and the Provident Fund.

In Note 12 to the Financial Statements, the list of bank accounts held shows a merged balance of £99,527 on Business Premium Account and Current Account with Barclays Bank PLC. In previous years, the balances on these two accounts were shown separately. During 1991, however, an Auto Transfer facility between the Current Account and the Business Premium Account was arranged with Barclays Bank PLC. The Auto Transfer facility ensures easy transfer between the two accounts and enables the IOPC Fund to benefit from higher interest on liquid funds.

II Contributions Outstanding

The amount of £23,628 represents the outstanding balances of contributions levied from 1987 to 1990, as summarised in Schedule I.

III Due from Major Claims Fund RIO ORINOCO

The figure of £2,591,075 represents a loan of £2,560,973 taken by the Major Claims Fund RIO ORINOCO from the General Fund, pending the receipt of contributions in respect of this Major Claims Fund, plus interest.

The figure of £2,591,075 represents an asset of the General Fund, and will be reimbursed to the General Fund from the Major Claims Fund RIO ORINOCO as and when contributions to that Major Claims Fund are received. In the context of a consolidated Balance Sheet, this amount, which represents a balance due from the Major Claims Fund RIO ORINOCO account to the General Fund account, is treated as an asset of the General Fund account rather than as a deduction from the accumulated surplus which belongs only to the General Fund account.

IV VAT Recoverable

The amount of £5,278 represents VAT for the fourth quarter of 1991 to be refunded by the United Kingdom Government. The amount was recovered early in 1992.

V Miscellaneous Receivable

An amount of £907, which relates to costs incurred in connection with the KHARK 5 incident, will be reimbursed in due course by the shipowner's P & I insurer (document FUND/A.13/21, paragraph 5.7). The remaining amount of £7,960 will be fully reimbursed in 1992.

VI Interest on Overdue Contributions

The amount of £3,119 represents interest outstanding on only that portion of the overdue annual contributions paid by 31 December 1991 (cf Significant Accounting Policies, item (f)).

VII Due to Staff Provident Fund

The amount of £343,368 is the balance on the Staff Provident Fund Account after the addition of interest earned and the deduction of withdrawal of a small amount by one staff member under the Housing Loan Scheme.

VIII Accounts Payable

The amount of £10,283 was paid out in the first quarter of 1992.

IX Unliquidated Obligations

The amount of £55,583 consists of outstanding expenditure of £710 (being the balance of the 1990 unliquidated obligation of £18,525 outstanding as at 31 December 1990) and the 1991 expenditure of £54,873 outstanding at 31 December 1991 (cf Significant Accounting Policies, item (e)).

X Prepaid Contributions

This item relates to 1991 annual contributions which were received in 1991 (ie before the due date of 1 February 1992).

XI Contributors' Account

There is an amount of £718,785 still due to contributors who have elected to leave with the IOPC Fund amounts relating to reimbursements or overpayments. This amount will be very considerably reduced after most of the balances have been set off against 1991 Annual Contributions due on 1 February 1992.

XII Due to Major Claims Fund BRADY MARIA

An amount of £76,387 is due to the Major Claims Fund BRADY MARIA (Statement III). The balance on this Major Claims Fund will be distributed as, and when, decided by the Assembly in accordance with Internal Regulations 4.4.1 and 4.4.2.

XIII Due to Major Claims Fund KASUGA MARU N°1

An amount of £301,536 is due to the Major Claims Fund KASUGA MARU N°1 (Statement IV). It cannot be ruled out that there will be further claims for compensation.

XIV Due to Major Claims Fund THUNTANK 5

An amount of £101,719 is due to the Major Claims Fund THUNTANK 5 (Statement V). It cannot be ruled out that there will be further claims for compensation.

XV Net Assets

The figure of £5,240,658 represents the excess of Income over Expenditure in respect of the General Fund over the years. This amount includes the IOPC Fund's working capital which at 31 December 1991 was £4 million.

M Jacobsson
Director

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ANNEX II

**REPORT OF THE EXTERNAL AUDITOR
ON THE FINANCIAL STATEMENTS OF THE
INTERNATIONAL OIL POLLUTION
COMPENSATION FUND
FOR THE FINANCIAL PERIOD
1 JANUARY TO 31 DECEMBER 1991**

GENERAL

Scope of the Audit

1. I have audited the financial statements of the International Oil Pollution Compensation Fund ("the Fund") for the thirteenth financial period ended 31 December 1991. My examination was carried out with due regard to the provisions of the Fund Convention and the Financial Regulations. The scope of my examination of claims and contributions has been restricted for the reasons explained in paragraphs 6 and 7 below.

2. My audit included a general review of the accounting procedures and an examination of the accounting records and supporting evidence sufficient to enable me to form an opinion on the financial statements.

Reporting

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

Audit Objectives

4. The main purpose of the audit was to enable me to form an opinion as to whether the income and expenditure recorded against both the General and Major Claims Funds in 1991 had been received and incurred for the purposes approved by the Assembly; whether income and expenditure were properly classified and recorded in accordance with the Financial Regulations; and whether the financial statements presented fairly the financial position at 31 December 1991.

Audit Approach

General

5. My examination was based on a test audit, in which all areas of the financial statements were subject to verification and validation procedures. The audit included:

- a broad assessment of the internal controls for income and expenditure; cash management; accounts receivable and payable; and supplies and equipment;
- direct substantive testing of transactions and analytical review across all sources of funds; and
- a review of the claims and contributions procedures to the extent set out in paragraphs 6 and 7 below.

Claims

6. Payments were made in 1991 in respect of claims for damage suffered and to meet associated expenses resulting from pollution incidents involving various vessels. In the case of claims for compensation for damage, the Fund and the tanker owners' insurers had joint surveys made by marine surveyors who also examined and reported on the reasonableness of the claims presented. These reports were examined by the Fund's staff and settlements were negotiated. As in previous years, my examination of these settlements was limited to seeing that satisfactory procedures were followed by the Fund and that properly stated accounts were drawn up for each incident.

Contributions

7. Contributions to the General Fund and Major Claims Funds were assessed on the basis of reports from the Contracting States of oil quantities received in their territories. As in previous years, I have accepted these reports for the purposes of my audit and have not sought access to local records nor confirmation from national Auditors-General (or equivalent) of the countries concerned, which the External Auditor may do under Financial Regulation 10.7. Accordingly, my examination was restricted to establishing that appropriate checks were made by the Fund to verify all reports received; and to ensuring that the financial statements state fairly contributions received.

Overall Results

8. My examination revealed no weaknesses or errors considered material to the accuracy, completeness and validity of the financial statements as a whole. Subject to the restrictions on the scope of my examination referred to in paragraphs 6 and 7 above and to the uncertainty surrounding the outcome of the court action on the Haven incident (paragraphs 15 to 17 below), I am able to confirm that, in my opinion, the financial statements present fairly the financial position as at 31 December 1991.

9. The detailed findings of my audit are set out in paragraphs 11 to 21 below.

REPORT SUMMARY

10. The first section of my Report draws attention to significant financial matters and includes comments on the the budgetary outturn (paragraphs 11 and 12), revisions to the format of the financial statements (paragraph 13) and contingent liabilities (paragraphs 14 to 17). The second section of my Report considers financial control matters and comments upon the accounting systems (paragraph 18) and the control of supplies and equipment (paragraphs 19 to 20).

DETAILED FINDINGS

FINANCIAL MATTERS

Budgetary Outturn and Transfers

11. Statement I to the financial statements shows that the total obligations incurred for the period ended 31 December 1991 were £517,583, this being £12,807 within the budget of £530,390.

12. During 1991, the Director made transfers of appropriations within and between Chapters of the budget in accordance with Financial Regulation 4.3 and with the approval of the Assembly given at its 14th Session in October 1991. The Director has reported on these transfers in his Comments which accompany the audited financial statements.

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Format of the Financial Statements

13. In my Report on the financial statements for the year ended 31 December 1990, I drew attention to the changes made by the Fund to the format of the financial statements. A further change has been made to the format in the 1991 financial statements: the notes relating to the Fund's assets and the contingent liabilities, previously disclosed as footnotes to the Balance Sheet, are now shown within the main notes to the financial statements. I fully support this amendment.

Contingent Liabilities

14. Schedule III to the Financial Statements details the Fund's assessment of contingent liabilities as at 31 December 1991. The Fund's estimate of the total contingent liabilities relating to incidents was £55,191,900 (1990: £17,778,871). Those liabilities which mature will, under the Fund Convention, be met from contributions assessed by the Assembly.

15. Following the Haven incident which occurred in April 1991, claims for oil pollution compensation totalling the equivalent of £720 million were submitted to an Italian Court in Genoa. As at 31 December 1991, the Court had made no ruling on the extent of the Fund's liability under the Fund Convention. However, since the Balance Sheet date, the Court has rendered a decision which, if implemented, would mean that the Fund could face a potential maximum liability of £359 million, compared with the Fund's own assessment of £48 million noted in the 1991 financial statements (Schedule III, note 7).

16. The Director told me that, as at 31 May 1992, the Fund maintain that their own assessment of the liability under the Fund Convention, equivalent to £48 million, is valid. The Director also told me that the Fund have already lodged opposition to the decision of the Genoa Court. At its 31st session on 28 May 1992, the Executive Committee endorsed the Director's analysis of the legal position and instructed him to pursue the Fund's opposition to the Court's decision.

17. I note the Fund's assessment of the contingent liability in the Haven case; the Court's initial decision; and the Executive Committee's full support of the position taken by the Director in the legal proceedings. Because of the uncertainty of the outcome of the current legal action, I have qualified my opinion in respect of this contingent liability.

FINANCIAL CONTROL MATTERS

The Accounting Systems

18. During the 1991 audit my staff carried out a review of the accounting systems to the extent considered necessary for the purpose of forming an opinion on the financial statements. As a result of their examination, my staff concluded that proper books of account had been maintained and that the accounting records were, in all significant respects, sufficient to form the basis of the 1991 financial statements.

Control of Supplies and Equipment

19. In accordance with the Fund's accounting policies, investment in equipment, furniture, office machines, supplies and library books is not shown in the Balance Sheet as an asset. Note 12(b) to the financial statements shows that the value of these assets held by the Fund as at 31 December 1991 amounted to £96,407.

20. My staff carried out a test examination of the Fund's records of supplies and equipment assets under Financial Regulation 10.12. As a result of this examination, I am satisfied that the supplies and equipment records as at 31 December 1991 properly reflect the assets held by the Fund. No losses were reported by the Fund during the year.

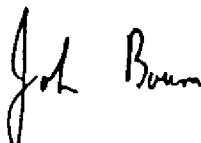
OTHER MATTERS

Amounts Written Off and Fraud

21. The Fund told me that there were no amounts written off or cases of fraud or presumptive fraud during the financial period.

ACKNOWLEDGEMENT

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



SIR JOHN BOURN
Comptroller and Auditor General, United Kingdom
External Auditor

26th July 1992

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ANNEX III

**FINANCIAL STATEMENTS OF THE
INTERNATIONAL OIL POLLUTION COMPENSATION FUND
FOR THE PERIOD ENDED 31 DECEMBER 1991**

OPINION OF THE EXTERNAL AUDITOR

To: the Assembly of the International Oil Pollution Compensation Fund

I have examined the appended financial statements, comprising Statements I to VII, Schedules I to III and Notes, of the International Oil Pollution Compensation Fund for the period ended 31 December 1991 in accordance with the Common Auditing Standards of the Panel of External Auditors of the United Nations, the Specialized Agencies and the International Atomic Energy Agency. My examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as I considered necessary in the circumstances.

Subject to the scope restrictions referred to in paragraphs 6 and 7 and to the uncertainty relating to a contingent liability referred to in paragraphs 15 to 17 of my Report, as a result of my examination, I am of the opinion that the financial statements present fairly the financial position as at 31 December 1991 and the results of the operations for the period then ended; that they were prepared in accordance with the Fund's stated accounting policies which were applied on a basis consistent with that of the preceding financial year; and that the transactions were in accordance with the Financial Regulations and legislative authority.



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

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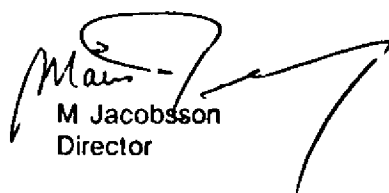
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ANNEX IV

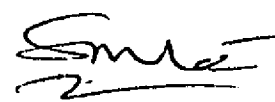
FINANCIAL STATEMENTS
OF THE IOPC FUND
FOR THE FINANCIAL YEAR
ENDED 31 DECEMBER 1991

CERTIFICATION OF THE FINANCIAL STATEMENTS

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



M Jacobsson
Director



S O Nte
Finance Officer

STATEMENT I
GENERAL FUND

STATEMENT OF BUDGET APPROPRIATIONS AND OBLIGATIONS INCURRED FOR THE FINANCIAL PERIOD 1 JANUARY - 31 DECEMBER 1991

CLASS OF EXPENDITURE	NOTE	BUDGET APPROPRIATIONS		REVISED BUDGET APPROPRIATIONS		OBLIGATIONS INCURRED		BALANCE OF APPROPRIATIONS	
		1991	1990	1991	1990	1991	1990	1991	1990
		£	£	£	£	£	£	£	£
SECRETARIAT									
I PERSONNEL									
a Salaries	2	248,100	191,230	229,390	197,930	229,390	197,930	-	-
b Separation and recruitment		-	59,600	-	59,600	-	37,228	-	22,372
c Staff benefits and allowances		79,090	70,000	78,008	63,300	78,008	62,610	-	690
d Home leave		3,000	4,000	1,306	4,000	1,306	1,452	-	2,548
		<u>330,190</u>	<u>324,830</u>	<u>308,704</u>	<u>324,830</u>	<u>308,704</u>	<u>299,220</u>	-	<u>25,610</u>
II GENERAL SERVICES									
a Rent of office accommodation	2	27,000	24,000	30,897	27,241	30,897	27,241	-	-
b Office machines	2	15,000	12,000	25,285	16,293	25,285	16,293	-	-
c Furniture and other office equipment	2	4,000	2,500	22,556	2,000	22,556	215	-	1,785
d Office stationery and supplies		8,000	8,000	7,087	4,759	7,087	4,320	-	439
e Communications	2	12,000	15,000	12,319	12,992	12,319	12,891	-	101
f Other supplies and services		12,000	10,000	10,996	7,900	10,996	7,805	-	95
g Hospitality	2	6,000	5,000	7,084	5,315	7,084	5,315	-	-
h Printing and publication		16,000	12,000	11,475	12,000	11,475	11,778	-	222
		<u>100,000</u>	<u>88,500</u>	<u>127,699</u>	<u>88,500</u>	<u>127,699</u>	<u>85,858</u>	-	<u>2,642</u>
III MEETINGS									
a Assembly and Executive Committee (Autumn)	2	20,000	20,000	20,707	20,000	20,707	16,992	-	3,008
b Assembly or Executive Committee		8,000	8,000	4,590	8,000	2,989	-	1,601	8,000
c Interessional Working Group		12,000	-	7,190	-	5,246	-	1,944	-
d Extra Executive Committee		10,000	-	10,000	-	4,462	-	5,538	-
		<u>50,000</u>	<u>28,000</u>	<u>42,487</u>	<u>28,000</u>	<u>33,404</u>	<u>16,992</u>	<u>9,083</u>	<u>11,008</u>
IV CONFERENCES AND TRAVEL									
a Conferences and seminars	2	14,000	12,000	18,321	12,207	18,321	12,207	-	-
b Mission		14,000	12,000	9,679	11,793	5,955	8,828	3,724	2,965
		<u>28,000</u>	<u>24,000</u>	<u>28,000</u>	<u>24,000</u>	<u>24,276</u>	<u>21,035</u>	<u>3,724</u>	<u>2,965</u>
V MISCELLANEOUS EXPENDITURE									
a External audit	2	10,200	10,200	11,400	10,200	11,400	10,200	-	-
b Payment to IMO for general services		4,000	4,000	4,000	4,000	4,000	4,000	-	-
c Consultants' fees	2	8,000	6,000	8,100	6,000	8,100	-	-	6,000
		<u>22,200</u>	<u>20,200</u>	<u>23,500</u>	<u>20,200</u>	<u>23,500</u>	<u>14,200</u>	-	<u>6,000</u>
TOTAL EXPENDITURE I - V		<u>530,390</u>	<u>485,530</u>	<u>530,390</u>	<u>485,530</u>	<u>517,583</u>	<u>437,305</u>	<u>12,807</u>	<u>48,225</u>

Note: This statement deals only with administrative expenditure. Expenditure in respect of claims is dealt with in Statement II for the General Fund, in Statement III for the Major Claims Fund BRADY MARIA, in Statement IV for the Major Claims Fund KASUGA MARU N°1 and in Statement V for the Major Claims Fund THUNTANK 5.

STATEMENT II

GENERAL FUND

INCOME AND EXPENDITURE ACCOUNT FOR THE
FINANCIAL PERIOD 1 JANUARY - 31 DECEMBER 1991

	Note	<u>1991</u>		<u>1990</u>	
		£	£	£	£
INCOME					
Contributions (Schedule I)					
Initial Contributions			-		5,983
Annual Contributions			488,125		1,594,491
Adjustment to Prior Years' Assessments	3		(17,534)		4,208
			470,591		1,604,682
Miscellaneous					
Miscellaneous Income	4	3,720		43,962	
Interest on loan to MCF Kasuga Maru N°1		-		13,821	
Interest on loan to MCF Thuntank 5		-		20,912	
Interest on loan to MCF Rio Orinoco	5	30,102		-	
Interest on Overdue Contributions	6	11,457		16,825	
Interest on Investments	7	1,087,778		546,780	
		1,133,057	1,133,057	642,300	642,300
			1,603,648		2,246,982
EXPENDITURE					
Secretariat Expenses (Statement I)					
Obligations incurred		517,583		437,305	
Claims (Schedule II)					
General Claims					
		2,068,854		652,907	
		2,586,437	2,586,437	1,090,212	1,090,212
			(982,789)		1,156,770
Exchange Adjustment	8		3,475		(2,194)
Excess/(Shortfall) of Income over Expenditure					
			(979,314)		1,154,576

STATEMENT III

MAJOR CLAIMS FUND - BRADY MARIA

INCOME AND EXPENDITURE ACCOUNT
FOR THE PERIOD ENDED 31 DECEMBER 1991

	Note	<u>1991</u>		<u>1990</u>	
INCOME		£	£	£	£
Interest on Overdue Contributions		-		295	
Interest on Investments	7	<u>11,822</u>		<u>5,347</u>	
		11,822	11,822	5,642	5,642
EXPENDITURE					
Fees			<u>-</u>		<u>-</u>
Excess of Income over Expenditure			11,822		5,642
Balance b/f: 1 January			<u>64,565</u>		<u>58,923</u>
Balance as at 31 December			<u>76,387</u>		<u>64,565</u>

STATEMENT IV

MAJOR CLAIMS FUND - KASUGA MARU N°1

INCOME AND EXPENDITURE ACCOUNT
FOR THE PERIOD ENDED 31 DECEMBER 1991

	<u>Note</u>	<u>1991</u>		<u>1990</u>	
		£	£	£	£
INCOME					
Contributions (Schedule I)					
Annual Contributions			-		1,499,995
Miscellaneous					
Interest on Overdue Contributions	6	6,383		4,609	
Interest on Investments	7	<u>53,330</u>		<u>21,500</u>	
		59,713	<u>59,713</u>	26,109	<u>26,109</u>
			59,713		1,526,104
EXPENDITURE					
Compensation (Schedule II)		16,813		-	
Fees (Schedule II)		17,112		59,030	
Interest on Loans (Schedule II)		-		13,821	
Miscellaneous (Schedule II)		<u>7</u>		<u>14</u>	
		33,932	<u>33,932</u>	72,865	<u>72,865</u>
Excess of Income over Expenditure			25,781		1,453,239
Balance b/f: 1 January			<u>275,755</u>		<u>(1,177,484)</u>
Balance as at 31 December			<u>301,536</u>		<u>275,755</u>

STATEMENT V

MAJOR CLAIMS FUND - THUNTANK 5

INCOME AND EXPENDITURE ACCOUNT
FOR THE PERIOD ENDED 31 DECEMBER 1991

	Note	<u>1991</u>		<u>1990</u>	
		£	£	£	£
INCOME					
Contributions (Schedule I)					
Annual Contributions			-		1,700,747
Miscellaneous					
Interest on Overdue Contributions	6	4,272		5,009	
Interest on Investments	7	<u>18,153</u>		<u>5,389</u>	
		22,425	<u>22,425</u>	10,398	<u>10,398</u>
			22,425		1,711,145
EXPENDITURE					
Interest on Loans (Schedule II)		-		20,912	
Fees (Schedule II)		513		-	
Miscellaneous (Schedule II)		<u>20</u>		<u>36</u>	
		533	<u>533</u>	20,948	<u>20,948</u>
Excess of Income over Expenditure			21,892		1,690,197
Balance b/f: 1 January			<u>79,827</u>		<u>(1,610,370)</u>
Balance as at 31 December			<u>101,719</u>		<u>79,827</u>

STATEMENT VI

PROVIDENT FUND

ACCOUNT FOR THE FINANCIAL PERIOD 1 JANUARY - 31 DECEMBER 1991

	<u>Note</u>	<u>1991</u>		<u>1990</u>	
		£	£	£	£
RECEIPTS					
Balance b/f: Accounts of Staff Members as at 1 January			239,259		197,958
Contributions of Staff Members	9		22,087		17,921
Contributions of IOPC Fund	9		44,174		36,028
Interest Received During Period	10		<u>39,848</u>		<u>32,564</u>
			345,368		284,471
LESS PAYMENTS					
Housing Loans	11	2,000		-	
Withdrawals on Separation		<u>-</u>		<u>45,212</u>	
		2,000	<u>2,000</u>	45,212	<u>45,212</u>
Accounts of Staff Members as at 31 December			<u>343,368</u>		<u>239,259</u>

STATEMENT VII

BALANCE SHEET OF THE IOPC FUND AS AT 31 DECEMBER 1991

	Note	1991		1990	
		£	£	£	£
ASSETS					
Cash at Banks and in Hand	12		4,728,513		7,702,410
Contributions Outstanding			23,628		122,218
Due from MCF Rio Orinoco			2,591,075		-
VAT Recoverable			5,278		5,288
Miscellaneous Receivable	13		8,867		8,172
Interest on Overdue Contributions			<u>3,119</u>		<u>3,440</u>
			7,360,480		7,841,528
LESS					
LIABILITIES					
Staff Provident Fund		343,368		239,259	
Accounts Payable	14	10,283		6,618	
Unliquidated Obligations	15	55,583		19,225	
Prepaid Contributions		512,161		59,052	
Contributors' Account	16	718,785		877,255	
Due to MCF Brady Maria		76,387		64,565	
Due to MCF Kasuga Maru N°1		301,536		275,755	
Due to MCF Thuntank 5		<u>101,719</u>		<u>79,827</u>	
		2,119,822	<u>2,119,822</u>	1,621,556	<u>1,621,556</u>
NET ASSETS			<u>5,240,658</u>		<u>6,219,972</u>
REPRESENTED BY					
Accumulated Surplus			1,240,658		2,219,972
Working Capital			<u>4,000,000</u>		<u>4,000,000</u>
			<u>5,240,658</u>		<u>6,219,972</u>

NOTES TO FINANCIAL STATEMENTS

1 Significant Accounting Policies

In accordance with the IOPC Fund's Financial Regulation 9.3(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 IOPC Fund, and in compliance with the provisions of the Fund Convention and the Internal Regulations of the IOPC 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 5.

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 8.4. Therefore, office machines, furniture and other office equipment are not shown as assets in the Balance Sheet.

(d) Contingent Liabilities

In accordance with Financial Regulation 9.3(b), details of contingent liabilities are given in Schedule III. These contingent liabilities represent all known or likely claims against the IOPC Fund. All these claims may not necessarily mature. Those liabilities which mature will, under the Fund Convention, be met from contributions levied by the Assembly.

(e) Unliquidated Obligations

Unliquidated obligations are expenditures based on firm obligations entered into but not liquidated in the financial period. In conformity with Financial Regulation 4.4, 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

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

(h) Loans between Funds

Financial Regulations 5.1(c)(iv) and 5.2(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 5.1(a)(v) and 5.2(b)(ii).

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.

(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 15 million (gold) francs in respect of any one incident are charged to the General Fund in accordance with Financial Regulation 5.1(c)(i), and expenses over that amount for any one incident are charged to the Major Claims Fund constituted for the incident in question in accordance with Financial Regulation 5.2(d).

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

(j) Translation of Currencies

Almost all the IOPC Fund's assets and liabilities at the end of the financial period 1991 were held in pounds sterling. Gains and losses arising from foreign currency exchange transactions during the relevant accounting period have been treated as normal items of operation.

For the translation of currencies, the rate applied is the rate of exchange for the pound against various currencies on 30 December 1991 as published in the Financial Times. These rates are as follows:

Algerian Dinar	39.5120	= £1
Canadian Dollar	2.1645	= £1
Danish Krone	11.0525	= £1
Finnish Markka	7.7350	= £1
French Franc	9.6900	= £1
German Mark	2.8375	= £1
Italian Lira	2,149.7500	= £1
Japanese Yen	234.7500	= £1
Swedish Krona	10.3700	= £1
UAE Dirham	6.8731	= £1
US Dollar	1.8670	= £1
USSR Rouble	1.0290	= £1

2 Revised Budget Appropriations

Excess expenditure resulting in revised budget appropriations and met by transfers between appropriations as provided in Financial Regulation 4.3 are notified to the Assembly in the Director's Comments on Financial Statement I.

3 Adjustment to Prior Years' Assessments

The figure of £17,534 adjustment to prior years' assessments is arrived at as follows:

	£
Contributions levied on the basis of reports on contributing oil receipts in previous years submitted in 1991:	
Liberia - annual contributions General Fund 1987	164
Adjustment due to over-reported oil receipts:	
Canada - Initial contributions	(11,473)
Canada - annual contributions General Fund 1989	<u>(6,225)</u>
	<u>(17,534)</u>

4 Miscellaneous Income

The figure of £3,720 is arrived at as follows:

	£
Recovery as a result of recourse action in respect of the FUJI MARU N°3 incident	1,753
Reimbursement from IMO for seminar expenses incurred in 1990	1,005
Reimbursement from New York Bar Association for seminar expenses incurred in 1990	260
Savings on 1989 obligations unliquidated at 31 December 1991	700
Refund by American Express Europe Ltd for wrong conversion of Can\$	<u>2</u>
	<u>3,720</u>

5 Interest on Loan to Major Claims Fund RIO ORINOCO

The figure of £30,102 represents interest received in accordance with Financial Regulation 5.1(a)(v) on a loan of £2,560,973 made to the Major Claims Fund RIO ORINOCO in 1991. The account for the Major Claims Fund RIO ORINOCO was only opened on 1 February 1992, the date on which the contributions to this Major Claims Fund were due.

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 Fund Convention and Internal Regulation 3.10.

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

7 Interest on Investments

As at 31 December 1991 the IOPC Fund's portfolio of investments, comprising the IOPC Fund's time deposits (including the Major Claims Funds BRADY MARIA, KASUGA MARU N°1 and THUNTANK 5) of £3,425,285, the Provident Fund's assets of £343,368 and the Contributors' Account of £718,785, was distributed as set out in Note 12 below.

Interest due in 1991 on the investments amounted to £1,285,904. Of this amount, £39,848 belonged to the Provident Fund, £1,087,778 was earned on the investment of the assets in the General Fund, £11,822 on the investment of the assets in the Major Claims Fund BRADY MARIA, £53,330 on

the investment of the assets in the Major Claims Fund KASUGA MARU N°1, £18,153 on the investment of the assets in the Major Claims Fund THUNTANK 5 and £74,973 on the investment of the assets in the Contributors' Account.

8 Exchange Adjustment

The figure of £3,475 represents a net gain from currency revaluations, due to the appreciation of French Francs held in London and Japanese Yen held in Tokyo. The gains were £1,278 and £2,197 on FF463,598 and ¥5,003,273, respectively.

9 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 IOPC Fund 15.8% of that remuneration, pursuant to Staff Rule VIII.5(b).

10 Interest Received in 1991 on the Provident Fund

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

11 Withdrawal from the Provident Fund

The withdrawal of £2,000 was made by one staff member under the Housing Loan Scheme.

12 Assets

(a) Cash at Banks and in Hand

The amount of £4,728,513 includes a balance of £343,368 on the Staff Provident Fund and a balance of £718,785 on the Contributors' Account, and is held in various accounts as follows:

	£
<u>Time Deposit Accounts</u>	
Gota Bank	1,396,945
Heart of England Building Society	550,000
Hessische Landesbank	1,000,000
Mitsubishi Bank Ltd	140,493
Principality Building Society	500,000
Scandinavian Bank	400,000
SwedBank Group	500,000
	<u>4,487,438</u>
<u>Current and Call Deposit Accounts</u>	
Banque Nationale de Paris PLC FFr Call deposit a/c	47,843
Barclays Bank PLC - £ Business Premium a/c / Current a/c	99,527
Barclays Bank PLC - £ High Interest Business a/c	72,289
Mitsubishi Bank Ltd - £ current a/c	110
Mitsui Trust & Banking Co Ltd - ¥ current a/c	21,300
Petty cash - balance of imprest a/c	6
	<u>241,075</u>
	<u>4,728,513</u>

b) Office machines, furniture and other supplies

As mentioned under Significant Accounting Policies (item (c)) office machines, furniture and other supplies are not shown as assets in the Balance Sheet. As at 31 December 1991 the value of these supplies and equipment is as follows:

	£
Office machines	63,004
Furniture and other office equipment	31,770
Library	971
Hospitality Cellar	<u>662</u>
	<u>96,407</u>

13 Miscellaneous Receivable

The amount of £8,867 comprises:

- (a) £5,580 paid to BUPA for 1992 subscriptions to the health insurance scheme. 50% of which will be reimbursed by the staff members of the IOPC Fund and 50% from the 1992 Expenditure Account of the IOPC Fund;
- (b) £250 to be reimbursed to the IOPC Fund from travel accounts;
- (c) £2,130 representing salary advances to be reimbursed by staff members in 1992 under Staff Rule IV.12; and
- (d) £907 representing costs incurred in connection with the KHARK 5 incident which will be reimbursed by the shipowners' P & I insurer.

14 Accounts Payable

The amount of £10,283 comprises:

- (a) £720 representing reimbursements for travel expenses due to staff members;
- (b) £1,301 representing the balance of accident insurance premium due but not paid till January 1992;
- (c) £7,360 due to American Express Europe Ltd; and
- (d) £902 being outstanding National Insurance Contributions payable in January 1992.

15 Unliquidated Obligations

The figure of £55,583 is made up of a balance of £710 from the 1990 unliquidated obligations and £54,873 in obligations incurred in 1991 but unliquidated at 31 December 1991.

The major part of the 1991 unliquidated obligations consists of:

- (a) £15,644 appropriated to meet the invoices from various furniture suppliers;
- (b) £11,400 appropriated to meet the invoice for the 1991 audit fee;
- (c) £20,880 appropriated to meet the final invoices for the 14th session of the Assembly, the 26th – 30th sessions of the Executive Committee and the Intersessional Working Group, when these are presented by IMO; and
- (d) £4,768 appropriated to meet the bill for documentation in respect of public information, when this is presented by IMO.

16 Contributors' Account

The amount of £718,785 is the balance on the Contributors' Account after the deduction of amounts repaid to contributors or offset against the 1990 annual contributions and the addition of interest as provided in Internal Regulation 3.11.

* * *

SCHEDULE I

**REPORT ON CONTRIBUTIONS DURING THE FINANCIAL PERIOD
1 JANUARY – 31 DECEMBER 1991
AND ON CONTRIBUTIONS OUTSTANDING FOR PREVIOUS FINANCIAL PERIODS**

1 One State acceded to the Fund Convention in 1991: Malta. However, the initial contributions in respect of Malta are only due in 1992.

2 A comprehensive but preliminary Report on the Payment of Contributions as at 30 June 1991 was submitted to the Assembly at its 14th session (document FUND/A.14/5). An additional preliminary Report on the Payment of Contributions as at 30 September 1991 was also submitted to the Assembly at that session (document FUND/A.14/5/Add.1).

3 The report contained in this schedule is a comprehensive up-date of the earlier reports. The outstanding balances of contributions as at 31 December 1991 can be summarised as follows:

<u>State</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>Total</u>
France	–	–	622.81	765.48	1,388.29
Greece	3,457.20	4,095.52	3,269.66	378.28	11,200.66
Nigeria	–	4,689.17	2,413.57	–	7,102.74
United Kingdom	–	–	–	626.18	626.18
Yugoslavia	–	–	18.00	3,291.90	3,309.90
	<u>3,457.20</u>	<u>8,784.69</u>	<u>6,324.04</u>	<u>5,061.84</u>	<u>23,627.77</u>

REPORT ON ANNUAL CONTRIBUTIONS 1990 - GENERAL FUND AS AT 31.12.91

<u>State</u>	<u>Assessment</u>	<u>Receipt</u>	<u>Outstanding</u>	<u>% Paid</u>
	£	£	£	
Algeria	353.25	353.25	0.00	100.00
Bahamas	6 446.20	6 446.20	0.00	100.00
* Benin	-	-	-	-
Cameroon	682.45	682.45	0.00	100.00
Canada	16 112.03	16 112.03	0.00	100.00
Côte d'Ivoire	1 732.34	1 732.34	0.00	100.00
Cyprus	608.80	608.80	0.00	100.00
Denmark	3 998.63	3 998.63	0.00	100.00
* Djibouti	-	-	-	-
* Fiji	-	-	-	-
Finland	6 046.14	6 046.14	0.00	100.00
France	49 197.24	48 431.76	765.48	98.44
** Gabon	-	-	-	-
Germany	11 936.38	11 936.38	0.00	100.00
Ghana	486.98	486.98	0.00	100.00
Greece	9 954.28	9 576.00	378.28	96.20
* Iceland	-	-	-	-
** India	-	-	-	-
Indonesia	4 958.80	4 958.80	0.00	100.00
Italy	74 450.07	74 450.07	0.00	100.00
Japan	133 410.67	133 410.67	0.00	100.00
* Kuwait	-	-	-	-
* Liberia	-	-	-	-
* Maldives	-	-	-	-
*** Malta	-	-	-	-
* Monaco	-	-	-	-
Netherlands	51 794.43	51 794.43	0.00	100.00
** Nigeria	-	-	-	-
Norway	8 527.04	8 527.04	0.00	100.00
** Oman	-	-	-	-
* Papua New Guinea	-	-	-	-
Poland	1 001.38	1 001.38	0.00	100.00
Portugal	8 205.44	8 205.44	0.00	100.00
* Qatar	-	-	-	-
* Seychelles	-	-	-	-
Spain	31 046.69	31 046.69	0.00	100.00
Sri Lanka	713.99	713.99	0.00	100.00
Sweden	9 498.38	9 498.38	0.00	100.00
Syrian Arab Republic	234.25	234.25	0.00	100.00
Tunisia	1 452.98	1 452.98	0.00	100.00
* Tuvalu	-	-	-	-
** United Arab Emirates	-	-	-	-
United Kingdom	43 999.14	43 372.96	626.18	98.58
USSR	6 428.94	6 428.94	0.00	100.00
** Vanuatu	-	-	-	-
Yugoslavia	4 848.21	1 556.31	3 291.90	32.10
TOTAL	488 125.13	483 063.29	5 061.84	98.96

- * No liability for contributions to the General Fund in 1990
 ** Reports on contributing oil receipts in 1989 not yet submitted
 *** Not a Member State in 1990

**REPORT ON ANNUAL CONTRIBUTIONS OUTSTANDING FOR
PREVIOUS FINANCIAL PERIODS AS AT 31 DECEMBER 1991**

General Fund and Major Claims Funds

<u>State</u>	<u>Assessment</u>	<u>Receipt</u>	<u>Outstanding</u>	<u>% Paid</u>
	£	£	£	
France (1989)	185 936.61	185 313.80	622.81	99.67
Greece (1987)	16 365.29	15 524.99	840.30	94.87
Greece (1988)	64 451.58	60 356.06	4 095.52	93.65
Greece (1989)	32 210.25	31 048.60	1 161.65	96.39
Greece (Kasuga Maru N°1)	33 173.98	31 065.97	2 108.01	93.65
Nigeria (1988)	4 689.17	0.00	4 689.17	0.00
Nigeria (Kasuga Maru N°1)	2 413.57	0.00	2 413.57	0.00
Yugoslavia (1989)	16 430.04	16 412.04	18.00	99.89
<hr/>				
TOTAL	355 670.49	339 721.46	15 949.03	95.52
<hr/>				

Contributions not yet Assessed due to Non-Submission of Reports on
Contributing Oil Receipts for Relevant Year

Gabon	General Fund (1989)
Nigeria	General Fund (1987, 1989)
Oman	General Fund (1986)
	Major Claims Funds (Brady Maria, Thuntank 5)
United Arab Emirates	General Fund (1987, 1988, 1989)
	Major Claims Fund (Kasuga Maru N°1)
Vanuatu	General Fund (1989)

REPORT ON INITIAL CONTRIBUTIONS DUE IN
PREVIOUS FINANCIAL PERIODS AS AT 31 DECEMBER 1991

<u>State</u>	<u>Assessment</u>	<u>Receipt</u>	<u>Outstanding</u>	<u>% Paid</u>
	£	£	£	
Greece (1987)	50 965.52	48 348.62	2 616.90	94.87
<hr/>				
TOTAL	50 965.52	48 348.62	2 616.90	94.87
<hr/>				

Contributions not yet Assessed due to Non-Submission of Reports on
Contributing Oil Receipts for Relevant Year

India (1990)
Nigeria (1987)
Vanuatu (1989)

SCHEDULE II

**REPORT ON PAYMENT OF CLAIMS FOR THE FINANCIAL
PERIOD 1 JANUARY - 31 DECEMBER 1991**

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

2 Expenditure incurred by the IOPC Fund during 1991 in respect of various incidents amounted to £4,694,394. Of this amount £2,068,854 relates to the General Fund, £33,932 to the Major Claims Fund KASUGA MARU N°1, £533 to the Major Claims Fund THUNTANK 5 and £2,591,075 to the Major Claims Fund RIO ORINOCO.

3 In general, the position as at 31 December 1991 was as follows:

(a)	<u>PATMOS</u>	£
	Fees	50,773
	Miscellaneous	70
	1991 Expenditure	50,843
	1990 Expenditure b/f	45,668
	1989 Expenditure b/f	71,154
	1988 Expenditure b/f	71,480
	1987 Expenditure b/f	94,606
	1986 Expenditure b/f	139,739
	1985 Expenditure b/f	2,660
	Total Expenditure to date	<u>476,150</u>
(b)	<u>THUNTANK 5</u>	
	Fees	513
	Miscellaneous	20
	1991 Expenditure	533
	1990 Expenditure b/f	20,948
	1989 Expenditure b/f	2,419,231
	1988 Expenditure b/f	15,492
	1987 Expenditure b/f	14,985
	Total Expenditure to date	<u>2,471,189</u>
(c)	<u>AKARI</u>	
	Compensation	193,337
	Fees	32,385
	Miscellaneous	399
	1991 Expenditure	226,121
	1990 Expenditure b/f	17,576
	1989 Expenditure b/f	17,127
	1988 Expenditure b/f	10,175
	Total Expenditure to date	<u>270,999</u>

(d)	<u>TOLMIROS</u>	£
	Fees	30,378
	Travel	1,852
	Miscellaneous	356
	1991 Expenditure	32,586
	1990 Expenditure b/f	1,751
	Total Expenditure to date	34,337
(e)	<u>AMAZZONE</u>	
	Compensation	123,397
	Fees	11,158
	Travel	2,508
	Miscellaneous	626
	1991 Expenditure	137,689
	1990 Expenditure b/f	26,239
	1989 Expenditure b/f	3,889
	1988 Expenditure b/f	1,246
	Total Expenditure to date	169,063
(f)	<u>CZANTORIA</u>	
	Fees	1,848
	Miscellaneous	121
	Total Expenditure to date	1,969
(g)	<u>KASUGA MARU N°1</u>	
	Compensation	16,813
	Fees	17,112
	Miscellaneous	7
	1991 Expenditure	33,932
	1990 Expenditure b/f	72,865
	1989 Expenditure b/f	1,916,980
	Total Expenditure to date	2,023,777
(h)	<u>TSUBAME MARU N°58</u>	
	Compensation	3,122
	Fees	4,183
	Miscellaneous	7
	1991 Expenditure	7,312
	1990 Expenditure b/f	75,388
	Total Expenditure to date	82,700

(i)	<u>DAINICHI MARU N°5</u>	£
	Compensation	4,625
	Fees	2,004
	Miscellaneous	<u>7</u>
	Expenditure 1991	<u>6,636</u>
	Expenditure 1990 b/f	<u>8,130</u>
	Total Expenditure to date	<u>14,766</u>
(j)	<u>KAZUEI MARU N°10</u>	
	Compensation	195,454
	Fees	9,692
	Miscellaneous	<u>21</u>
	Total Expenditure to date	<u>205,167</u>
(k)	<u>FUJI MARU N°3</u>	
	Compensation	5,843
	Fees	25
	Miscellaneous	<u>7</u>
	Total Expenditure to date	<u>5,875</u>
(l)	<u>VOLGONEFT 263</u>	
	1991 Expenditure	NIL
	1990 Expenditure b/f	<u>65,896</u>
	Total Expenditure to date	<u>65,896</u>
(m)	<u>HATO MARU N°2</u>	
	Compensation	5,093
	Fees	665
	Miscellaneous	<u>7</u>
	Total Expenditure to date	<u>5,765</u>
(n)	<u>RIO ORINOCO</u>	
	Compensation	3,195,049
	Fees	50,364
	Travel	43,318
	Miscellaneous	<u>31,382</u>
	Expenditure 1991	<u>3,320,113</u>
	Expenditure 1990 b/f	<u>8,699</u>
	Total Expenditure to date	<u>3,328,812</u>

(o)	<u>PORTFIELD</u>	£
	Compensation	263,965
	Fees	14,086
	Travel	1,982
	Miscellaneous	<u>640</u>
	Total Expenditure to date	<u>280,673</u>
(p)	<u>VISTABELLA</u>	
	Compensation	11,055
	Fees	8,448
	Travel	13,149
	Miscellaneous	<u>547</u>
	Total Expenditure to date	<u>33,199</u>
(q)	<u>AGIP ABRUZZO</u>	
	Fees	38,500
	Travel	16,526
	Miscellaneous	<u>4,190</u>
	Total Expenditure to date	<u>59,216</u>
(r)	<u>HAVEN</u>	
	Fees	221,927
	Travel	32,445
	Miscellaneous	<u>32,393</u>
	Total Expenditure to date	<u>286,765</u>

SCHEDULE III

DETAILS OF CONTINGENT LIABILITIES AS AT 31 DECEMBER 1991

1 There are contingent liabilities with regard to 14 incidents. The contingent liabilities arising out of these incidents are estimated at £55,191,900 as at 31 December 1991.

2 Out of these contingent liabilities, a total amount of £2 648 750 has been liquidated as at 30 April 1992. This amount relates to the payment of compensation and/or indemnification in respect of the AKARI, AMAZZONE, RIO ORINOCO, VISTABELLA and HOKUNAN MARU N°12 incidents, and to the payment of fees mainly in respect of the AGIP ABRUZZO and HAVEN incidents.

3 The incidents which occurred from 1979 to 1991 in respect of which the IOPC Fund has been, or may be, held liable are set out in the IOPC Fund's "Annual Report 1991".

4 Regarding the THUNTANK 5 and KASUGA MARU N°1 incidents, it cannot be ruled out that further claims will be submitted against the IOPC Fund. However, since it is very unlikely that any such claims will be presented, no contingent liabilities have been included in respect of these incidents.

5 With respect to the VISTABELLA incident, it is uncertain whether the shipowner will be financially capable of meeting his obligations.

6 As for the AGIP ABRUZZO incident, further claims will be submitted.

7 Concerning the HAVEN incident, claims for a total amount of Lit1,541,488,793,305 (£717 million) plus FFfr28,284,592 (£2.9 million) have been submitted to the Court of first instance in Genoa. It is likely that the aggregate amount of the claims will increase. The contingent liability of the IOPC Fund has been calculated on the assumption that the maximum amount payable by the IOPC Fund of 900 million (gold) francs under Article 4.4 of the Fund Convention (including any amount paid by the shipowner under the Civil Liability Convention) should be converted into national currency on the basis of 15 (gold) francs equal to one Special Drawing Right of the International Monetary Fund.

On 14 March 1992, a judge of that Court rendered a decision according to which the maximum amount payable by the IOPC Fund should be calculated by the application of the free market value of gold which gives an amount of Lit771,397,947,400 (corresponding to approximately £359 million), instead of Lit102,864,000,000 (corresponding to approximately £48 million) as maintained by the IOPC Fund, calculated on the basis of the Special Drawing Right. The IOPC Fund has lodged opposition to this decision.

As for this problem reference is made to the analyses made by the Director in documents FUND/EXC.31/2 and FUND/EXC.31/2/Add.1 and to the discussions at the 31th session of the Executive Committee, as summarised in document FUND/EXC.31/7, paragraphs 3.1.1 - 3.1.7.

8 Details of the contingent liabilities, given in rounded figures, as at 31 December 1991 are as follows.

(a)	<u>PATMOS</u>	£
	<u>Compensation</u>	
	Italian Government (Lit 5,385,773,163)	
	Shipowner (Lit 660,045,580)	
	Other private claimants (Lit 9,107,768,791)	
	Total claims (Lit 15,153,587,534)	7,049,000
	 <u>Minus</u>	
	CLC limit (Lit13,263,703,650)	<u>6,169,880</u>
		879,120
	 <u>Plus</u>	
	Legal fees	100,000
	Miscellaneous	<u>10,000</u>
		<u>989,120</u>
(b)	<u>AKARI</u>	
	<u>Compensation</u>	
	Municipality (Dhs153,589)	22,350
	Other Claimant (US\$176,941)	<u>94,775</u>
		117,125
	 <u>Minus</u>	
	Recoverable from P & I insurer (US\$160,000)	<u>85,700</u>
		31,425
	 <u>Plus</u>	
	Legal fees	<u>20,000</u>
		<u>51,425</u>
(c)	<u>AMAZZONE</u>	
	<u>Compensation</u>	
	8 Communes in Calvados (FFr86,791)	8,960
	Department of Calvados (FFr74,250)	<u>7,660</u>
		16,620
	 <u>Minus</u>	
	Remaining part of CLC Limit (FFr348,675)	<u>35,980</u>
		(19,360)
	 <u>Plus</u>	
	Legal fees	<u>20,000</u>
		<u>640</u>

(d)	<u>KAZUEI MARU N°10</u>	£
	Legal fees (¥5,000,000)	<u>21,300</u>
		<u>21,300</u>
(e)	<u>VOLGONEFT 263</u>	
	Compensation	
	Swedish Government (SKr17,668,153)	1,703,775
	Minus	
	CLC Limit (SKr3,123,585)	<u>301,210</u>
		<u>1,402,565</u>
	Plus	
	Indemnification (SKr780,896)	75,300
	Legal fees	10,000
	Surveyors' fees	<u>10,000</u>
		<u>1,497,865</u>
(f)	<u>BONITO</u>	
	Compensation	
	Clean-up operations	259,011
	Minus	
	CLC Limit	<u>241,000</u>
		<u>18,011</u>
	Plus	
	Indemnification	60,250
	Legal fees	10,000
	Surveyors' fees	<u>10,000</u>
		<u>98,261</u>
(g)	<u>RIO ORINOCO</u>	
	Compensation	
	Canadian Government (settled) (Can\$4,218,848)	1,949,110
	Canadian Government (claimed) (Can\$1,928,674)	891,050
	P & I Club (Can\$870,404)	402,130
	Other claimants (Can\$230,960)	<u>106,700</u>
		<u>3,348,990</u>
	Plus	
	Indemnification (Can\$295,654)	136,590
	Legal fees	10,000
	Surveyor fees	<u>15,000</u>
		<u>3,510,580</u>

(h)	<u>PORTFIELD</u>	£
	<u>Compensation</u>	
	Clean-up operations	40,588
	Damage to fish farm	<u>188,268</u>
		<u>228,856</u>
	<u>Plus</u>	
	Indemnification	9,993
	Legal fees	10,000
	Surveyors' fees	<u>10,000</u>
		<u>258,849</u>
(i)	<u>VISTABELLA</u>	
	<u>Compensation</u>	
	French Government (FFr7,000,000)	722,390
	Private claimant (US\$6,100)	3,270
	Local Authority (US\$5,000)	<u>2,680</u>
		<u>728,340</u>
	<u>Minus</u>	
	CLC Limit	<u>50,000</u>
		<u>678,340</u>
	<u>Plus</u>	
	Indemnification	12,500
	Legal fees	10,000
	Surveyors' fees	<u>10,000</u>
		<u>710,840</u>
(j)	<u>HOKUNAN MARU N°12</u>	
	<u>Compensation</u>	
	Clean-up costs (¥2,932,899)	12,490
	Fishery damage (¥33,117,397)	<u>141,080</u>
		<u>153,570</u>
	<u>Minus</u>	
	CLC Limit (¥3,523,520)	<u>15,010</u>
		<u>138,560</u>
	<u>Plus</u>	
	Indemnification (¥880,880)	3,750
	Surveyors' fees (¥1,000,000)	<u>4,260</u>
		<u>146,570</u>

(k)	<u>AGIP ABRUZZO</u>	£
	<u>Compensation</u>	
	Clean-up costs (Lit18,882,241,004)	8,783,460
	Italian Government (Lit2,000,000,000)	930,340
	Shipowner (Lit3,757,727,086)	1,749,980
		<u>11,463,780</u>
	<u>Minus</u>	
	CLC Limit (Lit16,600,000,000)	7,721,830
		<u>3,741,950</u>
	<u>Plus</u>	
	Indemnification (Lit4,150,000,000)	1,930,460
	Legal fees	60,000
	Surveyors' fees	<u>100,000</u>
		<u>5,832,410</u>
(l)	<u>HAVEN</u>	
	<u>Compensation</u>	
	Claims (Lit102,864,000,000)	47,849,280
	<u>Minus</u>	
	CLC Limit (Lit23,950,220,000)	11,140,930
		<u>36,708,350</u>
	<u>Plus</u>	
	Indemnification (Lit9,694,137,000)	4,509,430
	Legal fees	150,000
	Surveyors' fees	<u>100,000</u>
		<u>41,467,780</u>
(m)	<u>KAIKO MARU N°86</u>	
	<u>Compensation</u>	
	Clean-up costs (¥77,927,993)	331,960
	Fishery damage (¥62,680,286)	267,010
		<u>598,970</u>
	<u>Minus</u>	
	CLC Limit (¥14,660,480)	62,450
		<u>536,520</u>
	<u>Plus</u>	
	Indemnification (¥3,665,120)	15,610
	Legal fees (¥5,000,000)	21,300
	Surveyors' fees (¥2,000,000)	<u>8,520</u>
		<u>581,950</u>

(n)	<u>KUMI MARU N°12</u>	£
	<u>Compensation</u>	
	Clean-up costs (¥5,000,000)	21,300
	<u>Minus</u>	
	CLC Limit (¥3,058,560)	<u>13,030</u>
		8,270
	<u>Plus</u>	
	Indemnification (¥764,640)	3,260
	Legal fees (¥1,000,000)	4,260
	Surveyors' fees (¥2,000,000)	<u>8,520</u>
		<u>24,310</u>
