



INTERNATIONAL
OIL POLLUTION
COMPENSATION
FUND

ASSEMBLY
16th session
Agenda item 7

FUND/A.16/5
15 July 1993

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 1992. 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 1992. 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 10.15 the External Auditor shall express an opinion on the financial statements on which he is reporting. This Opinion is at Annex III.

3 The certified financial statements for the financial period 1 January to 31 December 1992 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 1992**

1 INTRODUCTION

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

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

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

1.3 The following financial statements for the period 1992 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 1992
Statement II	Income and Expenditure Account in respect of the General Fund for the Financial Period 1 January - 31 December 1992
Statement III	Income and Expenditure Account in respect of Major Claims Fund BRADY MARIA/THUNTANK 5 for the period ended 31 December 1992
Statement IV	Income and Expenditure Account in respect of Major Claims Fund KASUGA MARU N°1 for the period ended 31 December 1992
Statement V	Income and Expenditure Account in respect of Major Claims Fund RIO ORINOCO for the period ended 31 December 1992
Statement VI	Income and Expenditure Account in respect of Major Claims Fund HAVEN for the period ended 31 December 1992
Statement VII	Provident Fund Account for the Financial Period 1 January - 31 December 1992
Statement VIII	Balance Sheet of the IOPC Fund as at 31 December 1992.

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 1992 and on Contributions Outstanding for Previous Financial Periods

Schedule II Report on Payment of Claims for the Financial Period 1 January – 31 December 1992

Schedule III Details of Contingent Liabilities as at 31 December 1992.

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 1992

The total obligations incurred amount to £625,326 as compared with the revised appropriations of £674,848. The savings amount accordingly to £49,522.

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 15th session (document FUND/A.15/28, paragraph 29.2) the following transfers were made:

- (a) An amount of £4,660 was transferred from Chapter I (Personnel) to Chapter IV (Conferences and Travel) to cover additional travel expenses;
- (b) An amount of £2,900 was transferred from Chapter I (Personnel) to Chapter V (Miscellaneous Expenditure) 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 £382,435 as compared with the appropriation of £441,000, resulting in a saving of £58,565. The saving was made out of various appropriations as follows: £45,654 from Salaries, £11,613 from Staff benefits and allowances, and £1,298 from Home leave.

The substantial saving of £58,565 out of the appropriation for Personnel was due mainly to two reasons:

- (a) During 1992, the IOPC Fund did not need temporary assistance in the form of extra staff, whereas the budget was based on the assumption that £15,000 might be needed for such assistance.
- (b) A salary increase of 6% for staff in the Professional and higher categories, anticipated in the 1992 Budget (document FUND/A.14/11), did not take place. In the case of the General Service staff, the actual salary increase was 3.8% as against the 15% budget estimate. The resultant saving in salary costs was in the region of £30,000.

II General Services

The total expenditure on General Services was £125,425 as compared with the appropriation of £125,000, resulting in an excess expenditure of £425. The excess was met by the transfer of £425 from the savings on Salaries in Chapter I.

The invoice for the IOPC Fund's rent and other charges relating to office accommodation in 1992 was presented by IMO within the relevant financial period. The charges amounted to £43,505 compared with an appropriation of £42,000. The excess was met by the transfer of £1,505 from the appropriation for Office machines within the same chapter.

The appropriation of £14,000 for Other supplies and services was exceeded by £3,305. The excess was met by the transfer of an aggregate amount of £3,305, as follows:

- (i) £1,215, being the residual amount of savings on Office machines within the same chapter;
- (ii) £67, being savings on Furniture and other office equipment within the same chapter;
- (iii) £579, being savings on Communications within the same chapter;
- (iv) £1,019, being savings on Hospitality within the same chapter; and
- (v) £425, being savings on Salaries from Chapter I.

The appropriation of £16,000 for Printing and publication was exceeded by £1,274, which was met by a transfer from the savings on Furniture and other office equipment in the same chapter.

Savings totalling £5,665 were made in respect of four items in this Chapter: £2,720 out of the appropriation for Office machines, £1,347 out of the appropriation for Furniture and other office equipment, £579 out of the appropriation for Communications and £1,019 out of the appropriation for Hospitality. These savings were used to cover the major part of the excess on certain items mentioned above in this chapter.

III Meetings

The appropriation of £21,000 for the autumn sessions of the Assembly and Executive Committee was exceeded by £796, which was met by a transfer from the appropriation for a further meeting of the Assembly or Executive Committee.

In 1992, the Executive Committee held an extra session on 28 May. The cost of this session (£5,295) was paid from the appropriation in the budget for such meetings (£8,400). There was thus a saving of £3,105 under this item. Out of this saving, £796 was used to cover the excess on the autumn session of the Assembly and Executive Committee, leaving a balance of £2,309.

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 1992.

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 £7,457. Part of this excess was met by a transfer of £2,797, being savings from the appropriation for Mission in this chapter. The balance of £4,660 of the excess was met by a transfer from Chapter I (Personnel), in accordance with the decision of the Assembly at its 15th session (document FUND/A.15/28, paragraph 29.2).

(b) Mission

The Director went on mission to Brazil, Canada, Colombia, France, the Gambia, Italy, Japan, Malta, Mexico, the Netherlands, the Republic of Korea, Spain and Sweden. The Legal Officer visited India, Kenya and Sri Lanka.

V Miscellaneous Expenditure

The total expenses on Miscellaneous Expenditure were £55,715 in comparison with the appropriation of £48,370, resulting in a deficit of £7,345.

The appropriation of £10,700 for External audit was exceeded by £2,900, which was met by a transfer from savings on the appropriation for Personnel in Chapter I, in accordance with the decision of the Assembly at its 15th session (document FUND/A.15/28, paragraph 29.2).

In the 1992 Budget an appropriation of £8,000 was included under the heading Consultants' fees. At its 15th session, the Assembly approved a supplementary budget appropriation of £25,670 under this heading, bringing the total appropriation to £33,670 (document FUND/A.15/28, paragraph 29.3.1). The appropriation of £33,670 was exceeded by £4,445, £3,367 of which was met by a transfer from the savings on the appropriation for Salaries in Chapter I. Under Financial Regulation 4.2, the Director may exceed an appropriation in respect of any single class of expenditure by 5%. In accordance with this Regulation, the Director approved an increase of the appropriation under this item by the balance of the excess, £1,078, which falls within the 5% limit.

2.2 Comments on the Income and Expenditure Account in respect of the General Fund for the financial period 1992

I Income

(a) Contributions

Total contributions receivable amounted to £4,861,883.

The levy of 1991 annual contributions for the General Fund fixed by the Assembly was £5 million. However, since some Member States had not submitted their reports on contributing oil receipts for 1990, the amount actually levied in November 1991 was £4,862,904. Further invoices will be issued as the remaining oil reports are submitted.

The figure of £1,021 was an adjustment to prior years' assessment of contributions (see Note 3 to the Financial Statements).

Details of contributions receivable as at 31 December 1992 are given in Schedule I.

(b) Miscellaneous

A major part of the income under this head consists of interest earned on the investment of the IOPC Fund's assets and on loans to two Major Claims Funds. The combined income of £558,005 from these two sources is £41,995 less than the 1992 budget estimate of £600,000 for income on investments. This was due to the fact that, as interest rates were on a downward trend, a substantial part of the IOPC Fund's assets had been invested with maturity dates beyond December 1992, and the yield on these investments will be credited to the accounts for the financial year 1993.

II Expenditure

The figure of £2,460,774 represents Secretariat expenditure of £625,636, compensation of £1,674,728 and claims related expenses (fees, travel and miscellaneous expenses) of £160,720.

III Excess/(Shortfall) of income over Expenditure

A surplus of £3,503,078 was recorded for the financial period ended 31 December 1992.

2.3 Comments on the Income and Expenditure Account in respect of Major Claims Fund BRADY MARIA/THUNTANK 5 for the period ended 31 December 1992

I Amalgamation of Two Major Claims Funds

At its 15th session, the Assembly decided to amalgamate the BRADY MARIA and the THUNTANK 5 Major Claims Funds. It decided to postpone any decision in respect of the surplus on these Major Claims Funds to its 16th session, since further claims in respect of the THUNTANK 5 incident could not be ruled out (document FUND/A.15/28, paragraph 14.6).

Any further claims in respect of the BRADY MARIA incident were time-barred in January 1989, and in respect of the THUNTANK 5 incident in December 1992.

II Income

The income of £11,160 represents interest realised from the investment of the balance outstanding in respect of this amalgamated Major Claims Fund.

III Expenditure

There was no expenditure on this account in 1992, since all outgoings have been met in previous years.

IV Excess of Income over Expenditure

There was a surplus of £11,160 during the financial period 1992. This was added to a balance of £178,106 brought forward from the previous period, resulting in a balance of £189,266 at 31 December 1992. 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 1992

I Income

The income consists of an amount of £812, representing interest on overdue contributions, and of an amount of £19,024 realised from the investment of monies received in respect of this Major Claims Fund.

II Expenditure

There was no expenditure on this account in 1992.

III Excess of Income over Expenditure

There was a surplus of £19,836 during the financial period 1992. This was added to a balance of £301,536 brought forward from the previous financial period, resulting in a balance of £321,372 at 31 December 1992.

2.5 Comments on the Income and Expenditure Account in respect of the Major Claims Fund RIO ORINOCO for the financial period 1992

I Income

(a) Contributions

Total contributions receivable amounted to £6,490,768.

The levy of 1991 annual contributions for the RIO ORINOCO Major Claims Fund fixed by the Assembly was £6.7 million. However, since some Member States had not submitted their reports on contributing oil receipts for 1989, the amount actually levied in November 1991 was £6,490,768. Further invoices will be issued as the remaining oil reports are submitted.

Details of contributions receivable as at 31 December 1992 are given in Schedule I.

(b) Miscellaneous

The miscellaneous income consists of an amount of £9,274, representing interest on overdue contributions, and of an amount of £44,434 realised from the investment of monies received in respect of this Major Claims Fund.

II Expenditure

The figure of £3,006,458 represents compensation of £2,956,838, fees of £18,711, travel expenses of £10,608, interest of £20,165 on loans from the General Fund and miscellaneous expenses of £136.

III Excess of Income over Expenditure

There was a surplus of £3,538,018 during the financial period ended 1992. This was reduced by the deficit of £2,591,075 accrued from loans taken from the General Fund up to 31 December 1991. A net surplus of £946,943 was recorded for the financial period ended 31 December 1992.

2.6 Comments on the Income and Expenditure Account in respect of Major Claims Fund HAVEN for the period ended 31 December 1992

I Income

(a) Contributions

Total contributions receivable amounted to £14,588,712.

At its 14th session, the Assembly decided to make a first levy of £15 million to the HAVEN Major Claims Fund in the form of 1991 annual contributions, payable by 1 February 1992. However, since some Member States had not submitted their reports on contributing oil receipts for 1990, the amount actually levied in November 1991 was £14,588,712. Further invoices will be issued as the remaining oil reports are submitted.

Details of contributions receivable as at 31 December 1992 are given in Schedule I.

(b) Miscellaneous

The miscellaneous income consists of an amount of £17,996, representing interest on overdue contributions, and of an amount of £761,238 realised from the investment of monies received in respect of this Major Claims Fund.

II Expenditure

The figure of £148,848 represents fees of £110,384, travel expenses of £13,639 and miscellaneous expenses of £24,825. The miscellaneous expenses include an amount of £21,408 for notification by public proclamation of the opposition to a decision by the judge in the Court of first instance in Genoa in charge of the limitation proceedings, £1,926 for training of staff and experts, £136 for purchase of books and £1,355 to cover courier services and bank charges. These expenses were incurred after the first 15 million (gold) francs (£764,798) had been paid from the General Fund in respect of this incident.

III Excess of Income over Expenditure

A surplus of £15,219,098 was recorded for the financial period ended 31 December 1992.

2.7 Comments on the Provident Fund Account for the financial period 1 January – 31 December 1992

I During the financial period 1992 the total contributions to the Provident Fund, in accordance with Staff Regulation 23(b) and Staff Rule VIII.5, amounted to £78,929 of which £26,310 was the participants' share. Interest earned on the total Provident Fund was £43,449.

II After the withdrawal of £15,000 by a staff member under the Housing Loan Scheme, there remained a balance of £450,746 on the accounts of staff members as at 31 December 1992.

2.8 Comments on the Balance Sheet as at 31 December 1992

I Cash at Banks and in Hand

The figure of £24,740,802 is made up of the following balances:

General Fund	7,439,373
Staff Provident Fund	450,746
Contributors' Account	174,004
Major Claims Fund BRADY MARIA/THUNTANK 5	189,266
Major Claims Fund KASUGA MARU N°1	321,372
Major Claims Fund RIO ORINOCO	946,943
Major Claims Fund HAVEN	<u>15,219,098</u>
	<u>24,740,802</u>

As for the distribution of the aggregate balance between various financial institutions reference is made to Note 13 to the Financial Statements.

II Contributions Outstanding

The amount of £727,192 represents the outstanding balances of contributions levied from 1987 to 1991, as summarised in Schedule I.

III Due from Major Claims Fund VOLGONEFT 263

The figure of £875,481 represents a loan of £832,024 taken by the VOLGONEFT 263 Major Claims Fund from the General Fund, pending the receipt of contributions in respect of this Major Claims Fund, plus interest.

The figure of £875,481 represents an asset of the General Fund, and will be reimbursed to the General Fund from the VOLGONEFT 263 Major Claims Fund 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 VOLGONEFT 263 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 which belongs only to the General Fund account.

IV VAT Recoverable

The amount of £2,559 represents VAT for the fourth quarter of 1992 to be refunded by the United Kingdom Government. The amount was recovered early in 1993.

V Miscellaneous Receivable

The amount of £10,287 will be fully reimbursed in 1993.

VI Interest on Overdue Contributions

The amount of £7,980 represents interest outstanding on only that portion of the overdue annual contributions paid by 31 December 1992 (cf Significant Accounting Policies, item (f)).

VII Due to Staff Provident Fund

The amount of £450,746 is the balance on the Staff Provident Fund Account after the addition of interest earned and the deduction of the withdrawal by one staff member under the Housing Loan Scheme.

VIII Accounts Payable

The amount of £3,574 was paid out in the first quarter of 1993.

IX Unliquidated Obligations

The amount of £28,140 represents the 1992 expenditure outstanding at 31 December 1992 (cf Significant Accounting Policies, item (e)).

X Prepaid Contributions

The amount of £287,442 represents 1992 annual contributions which were received in 1992 (ie before the due date of 1 February 1993).

XI Contributors' Account

There is an amount of £174,004 due to contributors who have elected to leave with the IOPC Fund amounts relating to reimbursements or overpayments. This amount will be set off against future annual contributions.

XII Due to Major Claims Fund BRADY MARIA/THUNTANK 5

An amount of £189,266 is due to the amalgamated BRADY MARIA/THUNTANK 5 Major Claims Fund (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 £321,372 is due to the KASUGA MARU N°1 Major Claims Fund (Statement IV). It cannot be ruled out that there will be further claims for compensation.

XIV Due to Major Claims Fund RIO ORINOCO

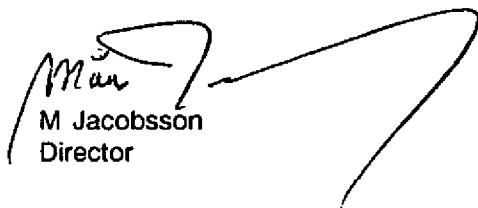
There is a balance of £946,943 on the RIO ORINOCO Major Claims Fund (Statement V). The balance will be held over pending the payment of indemnification to the shipowner.

XV Due to Major Claims Fund HAVEN

The amount of £15,219,098 represents the balance arising from the first levy of annual contributions towards the HAVEN Major Claims Fund.

XVI Net Assets

The figure of £8,743,736 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 1992 was £6 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 1992**

GENERAL

Introduction

1. I have audited the financial statements of the International Oil Pollution Compensation Fund ("the Fund") for the fourteenth financial period ended 31 December 1992. 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 8 and 10 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 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 1992 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 as at 31 December 1992.

Scope of the Audit

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;
 - substantive testing of transactions across all funds;
 - substantive testing of year end balances; and
 - a review of the claims and contributions procedures to the extent set out in paragraphs 6 to 10 below.

Claims

6. The Fund make compensation payments to meet claims for oil pollution damage arising from incidents involving laden tankers and also meet claims for associated expenses arising from these incidents. They pay compensation to a claimant only where they, or in some circumstances an adjudicating court, consider that the claim is justified, having regard to the criteria laid down in the Fund Convention. Accordingly, the Fund require all claimants to substantiate their claims by producing explanatory notes, invoices, receipts and other supporting documents.
7. In the case of claims for compensation for damage, the Fund and the tanker owners' insurers jointly commission surveys by marine surveyors to report on the reasonableness of the claims presented. On the basis of these reports the Fund then negotiate settlements with the claimants.
8. As in previous years, my examination of the settlements negotiated in 1992 was limited to seeing that the Fund followed satisfactory procedures in reviewing the claims received, and that properly stated accounts were drawn up for each incident.

Contributions

9. Under Article 15.2 of the Fund Convention, Contracting States are responsible for submitting annually to the Fund reports on the quantities of contributing oil received in their respective countries during the preceding calendar year. The Director estimates the contributions he believes will be required over the next twelve months to finance the General Fund and any Major Claims Funds. He submits these estimates to the Assembly, which considers and decides upon the level of contributions payable to the General Fund and any Major Claims Funds. The Fund then use the Contracting States' reports to determine the levy of contributions payable by the individual oil receivers.

10. As in previous years, I have accepted these reports for the purpose of my audit. Accordingly, my examination was restricted to establishing that the Fund made appropriate checks to verify all reports received; and to ensuring that the financial statements state fairly the contributions received.

Overall Results

11. 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 8 and 10 above and to the continuing uncertainty surrounding the outcome of the court action on the Haven incident (paragraphs 15 and 23 to 29 below), I confirm that, in my opinion, the financial statements present fairly the financial position as at 31 December 1992.
12. The detailed findings of my audit are set out in paragraphs 13 to 33 below.

SUMMARY OF MAIN FINDINGS

On Budgetary Outturn

13. Obligations incurred in 1992 were within the approved budget (paragraphs 16 and 17).

On Cash Management

14. During the year the Director examined the Fund's investment policy in consultation with my staff. After considering the Director's report, the Assembly: confirmed a number of existing investment practices; set out a requirement for the Fund to obtain, at an early stage, prior approval for significant investments in particular currencies needed to meet claims; and established limits for investing in any one institution. My staff confirmed that the Fund had complied with these revised policies for investments held as at 31 December 1992, except in one case relating to an investment made before the Assembly established the revised Financial Regulation. The Director will report the circumstances of this case to the Assembly (paragraphs 18 to 21).

On Contingent Liabilities

15. The Fund's financial statements show contingent liabilities of £79,915,820 as at 31 December 1992. Some £40 million of this relates to oil spillage off the coast of Genoa, caused by the tanker Haven in April 1991. However, the Italian Court in Genoa ruled in March 1992 that the Fund's potential liability could reach some £346 million for this incident. In October 1992 the Assembly endorsed the Fund's legal opposition to the Court's decision and a further decision is expected from the

Italian Court in July 1993. Because of the uncertainty of the outcome of these legal proceedings, I have qualified my opinion in respect of this contingent liability (paragraphs 22 to 29).

DETAILED FINDINGS

Financial Matters

Budgetary Outturn and Transfers

16. Statement I to the financial statements shows that obligations incurred in the period ended 31 December 1992 totalled £625,326, this being £49,522 within the budget of £674,848.
17. During 1992, the Director made transfers of appropriations within and between Chapters of the budget in accordance with Financial Regulation 4.3. The Director has reported on these transfers in his comments which accompany the audited financial statements.

Cash Management

18. In 1991, at its 14th Session, the Fund Assembly instructed the Director to examine the Fund's investment policy, in consultation with the External Auditor, and to report on his findings at the Assembly's next session. I am pleased to say that the Director liaised fully with my staff in carrying out this examination and in preparing his report, which he presented to the Assembly's 15th Session in October 1992 (document FUND/A.15/12).
19. The Assembly considered the Director's report and decided as follows:
 - the Fund should not, at least for the time being, broaden their investment policy beyond deposits and bank bills;
 - for the time being the Fund should maintain their policy of investing only with banks, building societies and discount houses;
 - the Director should retain the possibility of keeping assets in any currency required to meet claims which have been, or are likely to be, settled in that currency in the near future. He should also retain the possibility of buying currencies other than pounds sterling to cover such claims;
 - for incidents which have given rise to substantial claims, the Fund should, at an early stage, seek the Assembly's prior approval for any significant investments in a particular currency needed to meet such claims;

- the normal limit for investment in any one institution should be 25 percent of the Fund's total assets; in addition, investments with any one institution should not normally exceed £4 million; and
 - the maximum period for investments should be maintained at one year.
20. To implement the necessary changes to the Fund's investment policy, the Assembly decided to amend Financial Regulation 7.1, which sets out the Fund's investment criteria. Although the financial year beginning 1 January 1993 is the first complete year in which the revised Financial Regulation is operative, my staff examined the Fund's investment holdings as at 31 December 1992 to confirm that the Fund had applied the revised investment policy, as approved by the Assembly in October 1992.
21. As at 31 December 1992, the Fund held a total of £24,740,802 in cash and on deposit, including £24,014,000 held on bank or building society deposit spread across 13 institutions. Based on their review of the Fund's investments, my staff concluded that the new Financial Regulation 7.1 had been properly applied. In particular, my staff confirmed that in no case had the maximum period of investment exceeded the one year limit set out in the Financial Regulation 7.1(b). Further, they confirmed that with one exception, the maximum investment in any one institution was within the normal limits set out in Financial Regulation 7.1(c). This one exception was for a total investment of £5 million for a period of 62 days from 2 September 1992. The Fund told me that, in accordance with Financial Regulation 7.1(d), the Director will bring this matter to the Assembly's attention in his report on the Fund's investments.

Contingent Liabilities

General

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

Haven Incident

23. In April 1991, an oil pollution incident occurred when the tanker Haven caught fire and sustained a series of explosions whilst at anchor off Genoa. Claims submitted to the Fund for compensation for oil pollution damage from this incident were approximately £720 million. As at 31 December 1991, the Italian Court in Genoa dealing with the claims had made no ruling on the extent of the Fund's liability under the Fund Convention.
24. On 14 March 1992, the Court rendered a decision which, if implemented, indicated that the Fund would face a potential maximum liability of £359 million as at 31 December 1991. This contrasted with the Fund's assessment of £48 million, prepared in accordance with the Fund Convention, and noted in the 1991 financial statements.

After reviewing the Genoa Court's judgement at its 31st Session on 28 May 1992, the Executive Committee endorsed the Fund's assessment of £48 million and instructed the Director to pursue the Fund's opposition to the Court's decision.

25. Because of the uncertainty surrounding the outcome of these legal proceedings, I qualified my audit opinion on the 1991 financial statements in respect of the contingent liability for the Haven incident.
26. My staff have reviewed subsequent progress of the legal proceedings on the Haven incident. They noted that the Fund had lodged opposition to the Italian Court's initial decision of 14 March 1992 and that, at its 15th Session in October 1992, the Assembly had supported the concerns expressed by the Executive Committee at its 31st session in May 1992. The Assembly endorsed the Fund's legal opposition to the Court's decision of 14 March 1992.
27. On 29 January 1993, the Italian Court in Genoa was scheduled to hear, for a second time, the Fund's opposition to the Court's decision of 14 March 1992. However, for procedural reasons, this hearing was postponed. The Fund told me that they now expect the Court to render its decision on their lodged opposition in July 1993.
28. In Schedule III to the financial statements the Fund show £79,915,820 as their assessment of contingent liabilities as at 31 December 1992, compared with £55,191,900 in 1991. Within this total, £40,021,140 relates to the Haven incident, representing the Fund's view of the net compensation payable under the Fund Convention. However, based on the Court's decision of 14 March 1992, the Fund could face a potential maximum liability equivalent to £346 million, at 31 December 1992.
29. I have noted the Fund's estimate of the contingent liability in the Haven case; the Court's initial decision; and the Assembly'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 on the Fund's financial statements for 1992 in respect of this contingent liability.

FINANCIAL CONTROL MATTERS

The Accounting Systems

30. During the 1992 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 the Fund had maintained proper books of account and that the accounting records were, in all significant respects, sufficient to form the basis of the 1992 financial statements.

Control of Supplies and Equipment

31. In accordance with the Fund's stated accounting policies, purchases of equipment, furniture, office machines, supplies and library books are not included in the Fund's

Balance Sheet. Note 13(b) to the financial statements shows that the value of these assets held by the Fund as at 31 December 1992 amounted to £102,644.

32. 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 1992 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

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

ACKNOWLEDGEMENT

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

John Bourn

30 June 1993

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

ANNEX III

**FINANCIAL STATEMENTS OF THE
INTERNATIONAL OIL POLLUTION COMPENSATION FUND
FOR THE YEAR ENDED 31 DECEMBER 1992**

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 VIII, Schedules I to III and Notes, of the International Oil Pollution Compensation Fund for the year ended 31 December 1992 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.

bc
Subject to the scope restrictions referred to in paragraphs 8 and 10 and to the uncertainty relating to a contingent liability referred to in paragraph 29 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 1992 and the results of the year 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.

John Bourn 30th June 1993

**SIR JOHN BOURN
(COMPTROLLER AND AUDITOR GENERAL, UNITED KINGDOM)
EXTERNAL AUDITOR**

ANNEX IV

**FINANCIAL STATEMENTS
OF THE IOPC FUND
FOR THE FINANCIAL YEAR
ENDED 31 DECEMBER 1992**

CERTIFICATION OF THE FINANCIAL STATEMENTS

The appended financial statements numbered I to VIII 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 1992

CLASS OF EXPENDITURE	NOTE	BUDGET APPROPRIATIONS		REVISED BUDGET APPROPRIATIONS		OBLIGATIONS INCURRED		BALANCE OF APPROPRIATIONS	
		1992	1991	1992	1991	1992	1991	1992	1991
		£	£	£	£	£	£	£	£
SECRETARIAT									
I <u>PERSONNEL</u>									
a Salaries	2	329,040	248,100	317,688	229,390	283,386	229,390	34,302	-
b Separation and recruitment		-	-	-	-	-	-	-	-
c Staff benefits and allowances		101,960	79,090	101,960	78,008	90,347	78,008	11,613	-
d Home leave		10,000	3,000	10,000	1,306	8,702	1,306	1,298	-
		<u>441,000</u>	<u>330,190</u>	<u>429,648</u>	<u>308,704</u>	<u>382,435</u>	<u>308,704</u>	<u>47,213</u>	<u>-</u>
II <u>GENERAL SERVICES</u>									
a Rent of office accommodation	2	42,000	27,000	43,505	30,897	43,505	30,897	-	-
b Office machines	2	15,000	15,000	12,280	25,285	12,280	25,285	-	-
c Furniture and other office equipment	2	8,000	4,000	6,653	22,556	6,653	22,556	-	-
d Office stationery and supplies	2	8,000	8,000	8,006	7,087	8,006	7,087	-	-
e Communications	2	15,000	12,000	14,421	12,319	14,421	12,319	-	-
f Other supplies and services	2	14,000	12,000	17,305	10,996	17,305	10,996	-	-
g Hospitality	2	7,000	6,000	5,981	7,084	5,981	7,084	-	-
h Printing and publication	2	16,000	16,000	17,274	11,475	17,274	11,475	-	-
		<u>125,000</u>	<u>100,000</u>	<u>125,425</u>	<u>127,699</u>	<u>125,425</u>	<u>127,699</u>	<u>-</u>	<u>-</u>
III <u>MEETINGS</u>									
a Assembly and Executive Committee (Autumn)	2	21,000	20,000	21,796	20,707	21,796	20,707	-	-
b Assembly or Executive Committee	2	8,400	8,000	7,604	4,590	5,295	2,989	2,309	1,601
c Intersessional Working Group		-	12,000	-	7,190	-	5,246	-	1,944
d Extra Executive Committee		-	10,000	-	10,000	-	4,462	-	5,538
		<u>29,400</u>	<u>50,000</u>	<u>29,400</u>	<u>42,487</u>	<u>27,091</u>	<u>33,404</u>	<u>2,309</u>	<u>9,083</u>
IV <u>CONFERENCES AND TRAVEL</u>									
a Conferences and seminars	2	15,000	14,000	22,457	18,321	22,457	18,321	-	-
b Mission		15,000	14,000	12,203	9,679	12,203	5,955	-	3,724
		<u>30,000</u>	<u>28,000</u>	<u>34,660</u>	<u>28,000</u>	<u>34,660</u>	<u>24,276</u>	<u>-</u>	<u>3,724</u>
V <u>MISCELLANEOUS EXPENDITURE</u>									
a External audit	2	10,700	10,200	13,600	11,400	13,600	11,400	-	-
b Payment to IMO for general services		4,000	4,000	4,000	4,000	4,000	4,000	-	-
c Consultants' fees	2	33,670	8,000	38,115	8,100	38,115	8,100	-	-
		<u>48,370</u>	<u>22,200</u>	<u>55,715</u>	<u>23,500</u>	<u>55,715</u>	<u>23,500</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURE I - V		<u>673,770</u>	<u>530,390</u>	<u>674,848</u>	<u>530,390</u>	<u>625,326</u>	<u>517,583</u>	<u>49,522</u>	<u>12,807</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/THUNTANK 5, in Statement IV for the Major Claims Fund KASUGA MARU N°1, in Statement V for the Major Claims Fund RIO ORINOCO and in Statement VI for the Major Claims Fund HAVEN.

STATEMENT II

GENERAL FUND

INCOME AND EXPENDITURE ACCOUNT FOR THE
FINANCIAL PERIOD 1 JANUARY – 31 DECEMBER 1992

	Note	<u>1992</u>		<u>1991</u>	
		£	£	£	£
INCOME					
Contributions (Schedule I)					
Initial Contributions			-		-
Annual Contributions			4,862,904		488,125
Adjustment to					
Prior Years' Assessments	3		<u>(1,021)</u>		<u>(17,534)</u>
			4,861,883		470,591
Miscellaneous					
Miscellaneous Income	4	499,744		3,720	
Interest on loan to MCF Volgoneft 263	5	43,457		-	
Interest on loan to MCF Rio Orinoco	6	20,165		30,102	
Interest on Overdue Contributions	7	9,223		11,457	
Interest on Investments	8	<u>494,383</u>		<u>1,087,778</u>	
		1,066,972	<u>1,066,972</u>	1,133,057	<u>1,133,057</u>
			5,928,855		1,603,648
EXPENDITURE					
Secretariat Expenses (Statement I)					
Obligations incurred			625,326		517,583
Claims (Schedule II)					
Compensation			1,674,728		1,534,929
Claims Related Expenses (Schedule II)					
Fees		155,108		426,072	
Travel		4,853		68,462	
Miscellaneous		<u>759</u>		<u>39,391</u>	
		160,720	<u>160,720</u>	533,925	<u>533,925</u>
			3,468,081		(982,789)
Exchange Adjustment	9		<u>34,997</u>		<u>3,475</u>
Excess/(Shortfall) of Income over Expenditure			<u>3,503,078</u>		<u>(979,314)</u>

STATEMENT III

MAJOR CLAIMS FUND - BRADY MARIA/THUNTANK 5 ^{<1>}

INCOME AND EXPENDITURE ACCOUNT
FOR THE PERIOD ENDED 31 DECEMBER 1992

	Note	<u>1992</u>		<u>1991</u>	
		£	£	£	£
INCOME					
Interest on Overdue Contributions		-		4,272	
Interest on Investments	8	<u>11,160</u>		<u>29,975</u>	
		11,160	11,160	34,247	34,247
EXPENDITURE (Schedule II)					
Fees		-		513	
Miscellaneous		<u>-</u>		<u>20</u>	
		-	-	533	533
Excess of Income over Expenditure			11,160		33,714
Balance b/f: 1 January			<u>178,106</u>		<u>144,392</u>
Balance as at 31 December			<u>189,266</u>		<u>178,106</u>

^{<1>}The BRADY MARIA and THUNTANK 5 Major Claims Funds have been amalgamated in accordance with the decision of the Assembly at its 15th session (document FUND/A.15/28, item 14.6).

STATEMENT IV

MAJOR CLAIMS FUND - KASUGA MARU N°1

INCOME AND EXPENDITURE ACCOUNT
FOR THE PERIOD ENDED 31 DECEMBER 1992

	Note	<u>1992</u>		<u>1991</u>	
		£	£	£	£
INCOME					
Interest on Overdue Contributions	7	812		6,383	
Interest on Investments	8	<u>19,024</u>		<u>53,330</u>	
		19,836	<u>19,836</u>	59,713	<u>59,713</u>
			19,836		59,713
EXPENDITURE (Schedule II)					
Compensation		-		16,813	
Fees		-		17,112	
Interest on Loans		-		-	
Miscellaneous		<u>-</u>		<u>7</u>	
		-	-	33,932	<u>33,932</u>
Excess of Income over Expenditure			19,836		25,781
Balance b/f: 1 January			<u>301,536</u>		<u>275,755</u>
Balance as at 31 December			<u>321,372</u>		<u>301,538</u>

STATEMENT V

MAJOR CLAIMS FUND - RIO ORINOCO

INCOME AND EXPENDITURE ACCOUNT
FOR THE PERIOD ENDED 31 DECEMBER 1992

	<u>Note</u>	<u>1992</u>	
INCOME		£	£
Contributions (Schedule I)			
Annual Contributions			6,490,768
Miscellaneous			
Interest on Overdue Contributions	7	9,274	
Interest on Investments	8	<u>44,434</u>	
		53,708	<u>53,708</u>
			6,544,476
EXPENDITURE (Schedule II)			
Compensation		2,956,838	
Fees		18,711	
Travel		10,608	
Interest on Loans	6	20,165	
Miscellaneous		<u>136</u>	
		3,006,458	<u>3,006,458</u>
			3,538,018
Less Amount due to General Fund			<u>2,591,075</u>
Balance as at 31 December			<u><u>946,943</u></u>

STATEMENT VI

MAJOR CLAIMS FUND - HAVEN

INCOME AND EXPENDITURE ACCOUNT
FOR THE PERIOD ENDED 31 DECEMBER 1992

	<u>Note</u>	<u>1992</u>	
INCOME		£	£
Contributions (Schedule I)			
Annual Contributions (First levy)			14,588,712
Miscellaneous			
Interest on Overdue Contributions	7	17,996	
Interest on Investments	8	<u>761,238</u>	
		779,234	<u>779,234</u>
			15,367,946
EXPENDITURE (Schedule II)			
Fees		110,384	
Travel		13,639	
Miscellaneous		<u>24,825</u>	
		148,848	<u>148,848</u>
Balance as at 31 December			<u>15,219,098</u>

STATEMENT VII

PROVIDENT FUND

ACCOUNT FOR THE FINANCIAL PERIOD 1 JANUARY - 31 DECEMBER 1992

	<u>Note</u>	<u>1992</u>		<u>1991</u>	
		£	£	£	£
RECEIPTS					
Balance b/f: Accounts of Staff Members as at 1 January			343,368		239,259
Contributions of Staff Members	10		26,310		22,087
Contributions of IOPC Fund	10		52,619		44,174
Interest Received During Period	11		<u>43,449</u>		<u>39,848</u>
			465,746		345,368
LESS PAYMENTS					
Housing Loans	12	15,000		2,000	
Withdrawals on Separation		<u>-</u>		<u>-</u>	
		15,000	<u>15,000</u>	2,000	<u>2,000</u>
Accounts of Staff Members as at 31 December			<u>450,746</u>		<u>343,368</u>

STATEMENT VIII

BALANCE SHEET OF THE IOPC FUND AS AT 31 DECEMBER 1992

	Note	<u>1992</u>		<u>1991</u>	
		£	£	£	£
ASSETS					
Cash at Banks and in Hand	13	24,740,802		4,728,513	
Contributions Outstanding		727,192		23,628	
Due from MCF Rio Orinoco		-		2,591,075	
Due from MCF Volgoneft 263		875,481		-	
VAT Recoverable		2,559		5,278	
Miscellaneous Receivable	14	10,287		8,867	
Interest on Overdue Contributions		<u>7,980</u>		<u>3,119</u>	
		26,364,301		7,360,480	
LESS					
LIABILITIES					
Staff Provident Fund		450,746		343,368	
Accounts Payable	15	3,574		10,283	
Unliquidated Obligations	16	28,140		55,583	
Prepaid Contributions		287,422		512,161	
Contributors' Account	17	174,004		718,785	
Due to MCF Brady Maria & Thuntank 5		189,266		178,106	
Due to MCF Kasuga Maru N°1		321,372		301,536	
Due to MCF Rio Orinoco		946,943		-	
Due to MCF Haven		<u>15,219,098</u>		<u>-</u>	
		17,620,565	<u>17,620,565</u>	2,119,822	<u>2,119,822</u>
NET ASSETS			<u>8,743,736</u>		<u>5,240,658</u>
REPRESENTED BY					
Accumulated Surplus		2,743,736		1,240,658	
Working Capital		<u>6,000,000</u>		<u>4,000,000</u>	
			<u>8,743,736</u>		<u>5,240,658</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 in respect of 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 1992 were held in pounds sterling. Gains and losses arising from foreign currency exchange transactions during the relevant accounting period have been treated as normal items of operation.

For the translation of currencies, the rate applied is the rate of exchange for the pound against various currencies on 31 December 1992 as published in the Financial Times. These rates are as follows:

Canadian Dollar	1.9335	= £1
French Franc	8.3650	= £1
Italian Lira	2,230.7500	= £1
Japanese Yen	189.0000	= £1
Portuguese Escudo	222.2500	= £1
Spanish Peseta	173.7500	= £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 £1,021 represents adjustment to 1990 assessments in respect of the Netherlands, due to over-reported oil receipts.

4 Miscellaneous Income

The figure of £499,744 is arrived at as follows:

	£
Ex gratia payment by the P & I Club in respect of the AKARI incident	90,141
Recovery as a result of recourse action in respect of the AMAZZONE incident	138,255
Refund of the IOPC Fund's costs and expenses in connection with court action in respect of the TOLMIROS incident	46,344
Recovery as a result of recourse action in respect of the KAZUEI MARU N°10 incident	212,447
Savings on obligations unliquidated at 31 December 1992	12,110
Receipt in respect of second-hand furniture	373
Compensation from Royal Mail	72
Unclaimed reimbursement to contributor	2
	<u>499,744</u>

5 Interest on loan to Major Claims Fund VOLGONEFT 263

The figure of £43,457 represents interest due in accordance with Financial Regulation 5.1(a)(v) on a loan of £832,024 made to the VOLGONEFT 263 Major Claims Fund in 1992. The account for this Major Claims Fund was only opened on 1 February 1993, the date on which the contributions to this Major Claims Fund were due.

6 Interest on Loan to Major Claims Fund RIO ORINOCO

The figure of £20,165 represents interest received in accordance with Financial Regulation 5.1(a)(v) on a loan of £2,560,973 made to the RIO ORINOCO Major Claims Fund in 1991 and a further loan of £225,459 made to this Major Claims Fund in January 1992. The account for this Major Claims Fund was opened on 1 February 1992, the date on which the contributions to this Major Claims Fund were due.

7 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.

8 Interest on Investments

As at 31 December 1992 the IOPC Fund's portfolio of investments, comprising the IOPC Fund's time deposits (including the Major Claims Funds BRADY MARIA/THUNTANK 5, KASUGA MARU N°1, RIO ORINOCO and HAVEN) of £23,389,250, the Provident Fund's assets of £450,746 and the Contributors' Account of £174,004, was distributed as set out in Note 13 below.

Interest due in 1992 on the investments amounted to £1,397,964. Of this amount, £43,449 belonged to the Provident Fund, £494,383 was earned on the investment of the assets in the General Fund, £11,160 on the investment of the assets in the BRADY MARIA/THUNTANK 5 Major Claims Fund, £19,024 on the investment of the assets in the KASUGA MARU N°1 Major Claims Fund, £44,434 on the investment of the assets in the RIO ORINOCO Major Claims Fund, £761,238 on the investment of the assets in the HAVEN Major Claims Fund and £24,276 on the investment of the assets in the Contributors' Account.

9 Exchange Adjustment

The figure of £34,997 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 £29,841 and £5,156 on FFr1,819,242 and ¥5,000,273, respectively.

10 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).

11 Interest Received in 1992 on the Provident Fund

The basis of calculation of the interest of £43,449 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).

12 Withdrawal from the Provident Fund

The withdrawal of £15,000 was made by one staff member under the Housing Loan Scheme.

13 Assets

(a) Cash at Banks and in Hand

The amount of £24,740,802 includes a balance of £450,746 on the Staff Provident Fund and a balance of £174,004 on the Contributors' Account, and is held in various accounts as follows:

	£
<u>Time Deposit Accounts</u>	
Cheshire Building Society	1,800,000
Cumberland Building Society	2,000,000
Heart of England Building Society	1,600,000
Landesbank Hessen-Thüringen	3,000,000
Lambeth Building Society	1,500,000
Mitsubishi Bank Ltd	1,014,000
North of England Building Society	2,000,000
Northern Rock Building Society	2,000,000
Principality Building Society	2,000,000
Scarborough Building Society	900,000
Staffordshire Building Society	1,700,000
SwedBank Group	1,500,000
Union Discount Company	3,000,000
	<u>24,014,000</u>
<u>Current and Call Deposit Accounts</u>	
Banque Nationale de Paris PLC FFr Call deposit a/c	217,483
Barclays Bank PLC - £ Business Premium a/c / Current a/c	246,740
Barclays Bank PLC - £ High Interest Business a/c	235,802
Mitsubishi Bank Ltd - £ current a/c	266
Mitsui Trust & Banking Co Ltd - ¥ current a/c	26,456
Petty cash - balance of imprest a/c	55
	<u>726,802</u>
	<u>24,740,802</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 1992 the value of these supplies and equipment is as follows:

	£
Office machines	65,684
Furniture and other office equipment	35,151
Library	1,545
Hospitality Cellar	<u>264</u>
	<u>102,644</u>

14 Miscellaneous Receivable

The amount of £10,287 comprises:

(a) £6,384 paid to BUPA for 1993 subscriptions to the health insurance scheme, 50% of which will be reimbursed by the staff members of the IOPC Fund and 50% from the 1993 Expenditure Account of the IOPC Fund;

(b) £660 to be reimbursed to the IOPC Fund from travel accounts;

(c) £2,336 representing salary advances to be reimbursed by staff members in 1993 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.

15 Accounts Payable

The amount of £3,574 comprises:

(a) £631 representing reimbursements for travel expenses due to staff members;

(b) £990 representing the balance of accident insurance premium due but not paid till January 1993;

(c) £1,141 due to American Express Europe Ltd; and

(d) £812 being outstanding National Insurance Contributions payable in January 1993.

16 Unliquidated Obligations

The figure of £28,140 is made up of obligations incurred in 1992 but unliquidated at 31 December 1992.

The major part of the unliquidated obligations consists of:

(a) £3,408 appropriated to meet the invoices from various furniture suppliers;

(b) £13,600 appropriated to meet the invoice for the 1991 audit fee; and

(c) £10,283 appropriated to meet the invoice for consultants' fees.

17 Contributors' Account

The amount of £174,004 is the balance on the Contributors' Account after the deduction of amounts repaid to contributors or offset against the 1991 annual contributions and the addition of interest as provided in Internal Regulation 3.11.

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SCHEDULE I

**REPORT ON CONTRIBUTIONS DURING THE FINANCIAL PERIOD
1 JANUARY - 31 DECEMBER 1992
AND ON CONTRIBUTIONS OUTSTANDING FOR PREVIOUS FINANCIAL PERIODS**

1 Three States acceded to the Fund Convention in 1992: the Gambia, Venezuela and Brunei Darussalam. However, the initial contributions in respect of Brunei Darussalam, if any, are only due in 1993.

2 A comprehensive but preliminary Report on the Payment of Contributions as at 30 June 1992 was submitted to the Assembly at its 15th session (document FUND/A.15/5). An additional preliminary Report on the Payment of Contributions as at 30 September 1992 was also submitted to the Assembly at that session (document FUND/A.15/5/Add.1).

3 With regard to contributions in respect of oil receivers in States which were formerly part of the Union of Soviet Socialist Republics (USSR), reference is made to the discussions of the problem at the 15th session of the Assembly (document FUND/A.15/28, paragraph 22). Invoices in respect of 1991 annual contributions were sent out in November 1991, before the note verbale of 26 December 1991 was issued by the Russian Federation informing the Secretary-General of IMO that the membership of the USSR in all Conventions concluded within the framework of IMO would be continued by the Russian Federation and that the Russian Federation would maintain full responsibility over all rights and obligations of the USSR in IMO, including financial obligations. For this reason, the following tables relating to contributions for 1991 or previous years list oil receivers in the former USSR under the heading of USSR.

4 Invoices in respect of 1991 annual contributions were also sent in November 1991 to oil receivers in the former Socialist Federal Republic of Yugoslavia. By letter of 27 July 1992 the Republic of Croatia notified the Secretary-General of IMO that Croatia had decided to succeed to certain Conventions deposited with IMO to which the Socialist Federal Republic of Yugoslavia was a party at the time of Croatia's independence, including the Fund Convention, and that the succession took place with effect from 8 October 1991. In addition, by letter of 12 November 1992 the Republic of Slovenia notified the Secretary-General of IMO that it considered itself bound by virtue of succession to the Socialist Federal Republic of Yugoslavia by certain conventions deposited with IMO, including the Fund Convention, with effect from 25 June 1991. In a note dated 27 April 1992, the Socialist Federal Republic of Yugoslavia notified IMO that it was transformed into the Federal Republic of Yugoslavia, consisting of the Republic of Serbia and the Republic of Montenegro. The following tables relating to contributions for 1991 or previous years list oil receivers in the former Socialist Federal Republic of Yugoslavia under the heading of Socialist Federal Republic of Yugoslavia.

5 The report contained in this schedule is a comprehensive up-date of the earlier reports. The outstanding balances of contributions as at 31 December 1992 can be summarised as follows:

<u>State</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>Total</u>
Algeria	-	-	-	-	2,547.10	2,547.10
France	-	-	622.81	422.32	28,485.04	29,530.17
Greece	3,457.20	4,095.52	3,269.66	378.28	5,039.68	16,240.34
Italy	-	-	-	-	167,647.95	167,647.95
Syrian Arab Republic	-	-	-	-	3,120.74	3,120.74
USSR	-	-	-	-	280,846.80	280,846.80
Yugoslavia, Socialist Federal Republic of	-	-	18.00	2,260.20	224,981.32	227,259.52
	<u>3,457.20</u>	<u>4,095.52</u>	<u>3,910.47</u>	<u>3,060.80</u>	<u>712,668.63</u>	<u>727,192.62</u>

REPORT ON ANNUAL CONTRIBUTIONS 1991 - GENERAL FUND AS AT 31.12.92

State	Assessment	Receipt	Outstanding	% Paid
	£	£	£	
* Algeria	-	-	-	-
Bahamas	53 203.39	53 203.39	0.00	100.00
** Benin	-	-	-	-
*** Brunei Darussalam	-	-	-	-
Cameroon	5 585.30	5 585.30	0.00	100.00
Canada	171 600.75	171 600.75	0.00	100.00
Côte d'Ivoire	17 629.28	17 629.28	0.00	100.00
**** Croatia	-	-	-	-
Cyprus	6 301.95	6 301.95	0.00	100.00
Denmark	38 682.09	38 682.09	0.00	100.00
** Djibouti	-	-	-	-
** Fiji	-	-	-	-
Finland	62 343.65	62 343.65	0.00	100.00
France	455 579.47	449 864.80	5 714.67	98.75
* Gabon	-	-	-	-
*** Gambia	-	-	-	-
Germany	120 121.91	120 121.91	0.00	100.00
Ghana	4 358.13	4 358.13	0.00	100.00
Greece	97 099.56	97 099.56	0.00	100.00
** Iceland	-	-	-	-
* India	-	-	-	-
Indonesia	51 700.67	51 700.67	0.00	100.00
Italy	766 965.97	722 421.76	44 544.21	94.19
Japan	1 373 699.62	1 373 699.62	0.00	100.00
** Kuwait	-	-	-	-
** Liberia	-	-	-	-
* Maldives	-	-	-	-
* Malta	-	-	-	-
** Monaco	-	-	-	-
Netherlands	480 103.37	480 103.37	0.00	100.00
* Nigeria	-	-	-	-
Norway	106 551.05	106 551.05	0.00	100.00
** Oman	-	-	-	-
** Papua New Guinea	-	-	-	-
Poland	12 018.21	12 018.21	0.00	100.00
Portugal	79 986.09	79 986.09	0.00	100.00
** Qatar	-	-	-	-
***** Russian Federation	-	-	-	-
** Seychelles	-	-	-	-
**** Slovenia	-	-	-	-
Spain	289 681.99	289 681.99	0.00	100.00
Sri Lanka	9 534.13	9 534.13	0.00	100.00
Sweden	98 258.19	98 258.19	0.00	100.00
* Syrian Arab Republic	-	-	-	-
Tunisia	15 736.57	15 736.57	0.00	100.00
* Tuvalu	-	-	-	-
* United Arab Emirates	-	-	-	-
United Kingdom	449 325.12	449 325.12	0.00	100.00
Union of Soviet Socialist Republics	48 799.35	0.00	48 799.35	0.00
* Vanuatu	-	-	-	-
*** Venezuela	-	-	-	-
Yugoslavia, Socialist Federal Republic of	48 038.06	0.00	48 038.06	0.00
**** Yugoslavia, Federal Republic of (Serbia and Montenegro)	-	-	-	-
TOTAL	4 862 903.87	4 715 807.58	147 096.29	96.98

* Reports on contributing oil receipts in 1990 not yet submitted

** No liability for contributions to the General Fund in 1991

*** Not a Member State in 1991

**** Contributions invoiced under the Socialist Federal Republic of Yugoslavia

***** Contributions invoiced under the Union of Soviet Socialist Republics

REPORT ON ANNUAL CONTRIBUTIONS 1991 - RIO ORINOCO MAJOR CLAIMS FUND AS AT 31.12.92

State	Assessment	Receipt	Outstanding	% Paid
	£	£	£	
Algeria	4 706.18	2 159.08	2 547.10	45.88
Bahamas	85 879.40	85 879.40	0.00	100.00
* Benin	-	-	-	-
** Brunei Darussalam	-	-	-	-
Cameroon	9 091.90	9 091.90	0.00	100.00
Canada	214 652.37	214 652.37	0.00	100.00
Côte d'Ivoire	23 079.07	23 079.07	0.00	100.00
*** Croatia	-	-	-	-
Cyprus	8 110.81	8 110.81	0.00	100.00
Denmark	53 271.79	53 271.79	0.00	100.00
* Djibouti	-	-	-	-
* Fiji	-	-	-	-
Finland	80 549.59	80 549.59	0.00	100.00
France	655 429.58	649 803.23	5 626.35	99.14
**** Gabon	-	-	-	-
** Gambia	-	-	-	-
Germany	159 022.28	159 022.28	0.00	100.00
Ghana	6 487.73	6 487.73	0.00	100.00
Greece	132 615.68	127 576.00	5 039.68	96.20
* Iceland	-	-	-	-
**** India	-	-	-	-
Indonesia	66 063.55	66 063.55	0.00	100.00
Italy	991 860.08	923 259.50	68 600.58	93.08
Japan	1 778 021.37	1 778 021.37	0.00	100.00
* Kuwait	-	-	-	-
* Liberia	-	-	-	-
* Maldives	-	-	-	-
** Malta	-	-	-	-
* Monaco	-	-	-	-
Netherlands	676 428.50	676 428.50	0.00	100.00
**** Nigeria	-	-	-	-
Norway	113 601.39	113 601.39	0.00	100.00
**** Oman	-	-	-	-
* Papua New Guinea	-	-	-	-
Poland	13 340.88	13 340.88	0.00	100.00
Portugal	109 317.05	109 317.05	0.00	100.00
* Qatar	-	-	-	-
***** Russian Federation	-	-	-	-
* Seychelles	-	-	-	-
*** Slovenia	-	-	-	-
Spain	413 619.31	413 619.31	0.00	100.00
Sri Lanka	9 512.17	9 512.17	0.00	100.00
Sweden	127 211.95	127 211.95	0.00	100.00
Syrian Arab Republic	3 120.74	0.00	3 120.74	0.00
Tunisia	19 357.38	19 357.38	0.00	100.00
* Tuvalu	-	-	-	-
**** United Arab Emirates	-	-	-	-
United Kingdom	586 178.08	586 178.08	0.00	100.00
Union of Soviet Socialist Republics	85 649.43	0.00	85 649.43	0.00
**** Vanuatu	-	-	-	-
** Venezuela	-	-	-	-
Yugoslavia, Socialist Federal Republic of	64 590.16	0.00	64 590.16	0.00
*** Yugoslavia, Federal Republic of (Serbia and Montenegro)	-	-	-	-
TOTAL	6 490 768.42	6 255 594.38	235 174.04	96.38

- * No liability for contributions to the RIO ORINOCO Major Claims Fund
 ** Not a Member State at the time of the RIO ORINOCO incident
 *** Contributions invoiced under the Socialist Federal Republic of Yugoslavia
 **** Reports on contributing oil receipts in 1989 not yet submitted
 ***** Contributions invoiced under the Union of Soviet Socialist Republics

REPORT ON ANNUAL CONTRIBUTIONS 1991 - HAVEN MAJOR CLAIMS FUND AS AT 31.12.92

State	Assessment	Receipt	Outstanding	% Paid
	£	£	£	
* Algeria	-	-	-	-
Bahamas	159 610.19	159 610.19	0.00	100.00
** Benin	-	-	-	-
*** Brunei Darussalam	-	-	-	-
Cameroon	16 755.90	16 755.90	0.00	100.00
Canada	514 802.24	514 802.24	0.00	100.00
Côte d'Ivoire	52 887.84	52 887.84	0.00	100.00
**** Croatia	-	-	-	-
Cyprus	18 905.84	18 905.84	0.00	100.00
Denmark	116 046.26	116 046.26	0.00	100.00
** Djibouti	-	-	-	-
** Fiji	-	-	-	-
Finland	187 030.94	187 030.94	0.00	100.00
France	1 366 738.41	1 349 594.39	17 144.02	98.75
* Gabon	-	-	-	-
*** Gambia	-	-	-	-
Germany	360 365.76	360 365.76	0.00	100.00
Ghana	13 074.40	13 074.40	0.00	100.00
Greece	291 298.65	291 298.65	0.00	100.00
** Iceland	-	-	-	-
* India	-	-	-	-
Indonesia	155 102.00	155 102.00	0.00	100.00
Italy	2 300 897.93	2 246 394.77	54 503.16	97.63
Japan	4 121 098.92	4 121 098.92	0.00	100.00
** Kuwait	-	-	-	-
** Liberia	-	-	-	-
* Maldives	-	-	-	-
*** Malta	-	-	-	-
** Monaco	-	-	-	-
Netherlands	1 440 310.09	1 440 310.09	0.00	100.00
* Nigeria	-	-	-	-
Norway	319 653.15	319 653.15	0.00	100.00
** Oman	-	-	-	-
** Papua New Guinea	-	-	-	-
Poland	36 054.62	36 054.62	0.00	100.00
Portugal	239 958.28	239 958.28	0.00	100.00
** Qatar	-	-	-	-
***** Russian Federation	-	-	-	-
** Seychelles	-	-	-	-
**** Slovenia	-	-	-	-
Spain	869 045.98	869 045.98	0.00	100.00
Sri Lanka	28 602.38	28 602.38	0.00	100.00
Sweden	294 774.56	294 774.56	0.00	100.00
* Syrian Arab Republic	-	-	0.00	-
Tunisia	47 209.72	47 209.72	0.00	100.00
* Tuvalu	-	-	-	-
* United Arab Emirates	-	-	-	-
United Kingdom	1 347 975.33	1 347 975.33	0.00	100.00
Union of Soviet Socialist Republics	146 398.02	0.00	146 398.02	0.00
* Vanuatu	-	-	-	-
*** Venezuela	-	-	-	-
**** Yugoslavia, Socialist Federal Republic of	144 114.17	31 761.07	112 353.10	22.04
**** Yugoslavia, Federal Republic of (Serbia and Montenegro)	-	-	-	-
TOTAL	14 588 711.58	14 258 313.28	330 398.30	97.74

- * Reports on contributing oil receipts in 1990 not yet submitted
- ** No liability for contributions to the HAVEN Major Claims Fund
- *** Not a Member State at the time of the HAVEN incident
- **** Contributions invoiced under the Socialist Federal Republic of Yugoslavia
- ***** Contributions invoiced under the Union of Soviet Socialist Republics

**REPORT ON ANNUAL CONTRIBUTIONS OUTSTANDING FOR
PREVIOUS FINANCIAL PERIODS AS AT 31 DECEMBER 1992**

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
France (1990)	49 197.24	48 774.92	422.32	99.14
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 (1990)	9 954.28	9 576.00	378.28	96.20
Greece (Kasuga Maru N°1)	33 173.98	31 065.97	2 108.01	93.65
Yugoslavia, Socialist Federal Republic of (1989)	16 430.04	16 412.04	18.00	99.89
Yugoslavia, Socialist Federal Republic of (1990)	4 848.21	2 588.01	2 260.20	53.38
TOTAL	412 567.48	400 660.39	11 907.09	97.11

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

Gabon	General Fund (1989, 1990)
India	General Fund (1990)
Nigeria	General Fund (1987, 1989, 1990)
Oman	General Fund (1986, 1990)
	Major Claims Funds (Brady Maria, Thuntank 5)
United Arab Emirates	General Fund (1987, 1988, 1989, 1990)
	Major Claims Fund (Kasuga Maru N°1)
Vanuatu	General Fund (1989, 1990)

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REPORT ON INITIAL CONTRIBUTIONS OUTSTANDING AS AT 31 DECEMBER 1992

<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
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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

Brunei Darussalam (1992)
Gambia (1992)
India (1990)
Malta (1991)
Nigeria (1987)
Vanuatu (1989)
Venezuela (1992)

SCHEDULE II

**REPORT ON PAYMENT OF CLAIMS FOR THE FINANCIAL
PERIOD 1 JANUARY - 31 DECEMBER 1992**

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 1992 in respect of various incidents amounted to £5,866,235. Of this amount £1,835,448 relates to the General Fund, £875,481 to the VOLGONEFT 263 Major Claims Fund, £3,006,458 to the RIO ORINOCO Major Claims Fund and £148,848 to the HAVEN Major Claims Fund.

3 With regard to the VOLGONEFT 263 incident, £722,024 was paid from the General Fund. This amount constituted the balance of the first 15 million (gold) francs (£787,920) of which £65,896 had already been paid by the end of 1991. An amount of £832,024 in excess of 15 million (gold) francs was paid from loans taken from the General Fund, pending the receipt of contributions due on 1 February 1993 in respect of the VOLGONEFT 263 Major Claims Fund. The interest charged on the loan of £832,024 amounted to £43,457.

4 With regard to the HAVEN incident, £478,033 was paid from the General Fund. This amount constituted the balance of the first 15 million (gold) francs (£764,798) of which £286,765 had already been paid by the end of 1991.

5 In general, the position as at 31 December 1992 was as follows:

(a) <u>PATMOS</u>	£
1992 Expenditure	NIL
1991 Expenditure b/f	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	<u>2,660</u>
Total Expenditure to date	<u>476,150</u>
 (b) <u>AKARI</u>	
Compensation	47,014
Fees	7,666
Miscellaneous	<u>153</u>
1992 Expenditure	54,833
1991 Expenditure b/f	226,121
1990 Expenditure b/f	17,576
1989 Expenditure b/f	17,127
1988 Expenditure b/f	<u>10,175</u>
Total Expenditure to date	<u>325,832</u>

(c)	<u>TOLMIROS</u>	£
	Fees	9,930
	Miscellaneous	35
	1992 Expenditure	9,965
	1991 Expenditure b/f	32,586
	1990 Expenditure b/f	1,751
	Total Expenditure to date	44,302
(d)	<u>AMAZZONE</u>	
	Compensation	16,550
	Fees	7,438
	Miscellaneous	136
	1992 Expenditure	24,124
	1991 Expenditure b/f	137,689
	1990 Expenditure b/f	26,239
	1989 Expenditure b/f	3,889
	1988 Expenditure b/f	1,246
	Total Expenditure to date	193,187
(e)	<u>KASUGA MARU N°1</u>	
	1992 Expenditure	NIL
	1991 Expenditure b/f	33,932
	1990 Expenditure b/f	72,865
	1989 Expenditure b/f	1,916,980
	Total Expenditure to date	2,023,777
(f)	<u>VOLGONEFT 263</u>	
	Compensation	1,473,373
	Indemnification	78,006
	Travel	2,638
	Interest on loan from the General Fund	43,457
	Miscellaneous	31
	1992 Expenditure	1,597,505
	1991 Expenditure b/f	NIL
	1990 Expenditure b/f	65,896
	Total Expenditure to date	1,663,401
(g)	<u>RIO ORINOCO</u>	
	Compensation	2,956,838
	Fees	18,711
	Travel	10,608
	Interest on loan from the General Fund	20,165
	Miscellaneous	136
	Expenditure 1992	3,006,458
	Expenditure 1991 b/f	3,320,113
	Expenditure 1990 b/f	8,699
	Total Expenditure to date	6,335,270

(h)	<u>PORTFIELD</u>	£
	Fees	1,907
	1992 Expenditure	1,907
	1991 Expenditure b/f	<u>280,673</u>
	Total Expenditure to date	<u>282,580</u>
(i)	<u>VISTABELLA</u>	
	Compensation	4,509
	Miscellaneous	33
	1992 Expenditure	4,542
	1991 Expenditure b/f	<u>33,199</u>
	Total Expenditure to date	<u>37,741</u>
(j)	<u>HOKUNAN MARU N°12</u>	
	Compensation	26,601
	Fees	2,558
	Miscellaneous	<u>14</u>
	Total Expenditure to date	<u>29,173</u>
(k)	<u>AGIP ABRUZZO</u>	
	Fees	105,157
	Travel	2,594
	Miscellaneous	284
	1992 Expenditure	108,035
	1991 Expenditure b/f	<u>59,216</u>
	Total Expenditure to date	<u>167,251</u>
(l)	<u>HAVEN</u>	
	Fees	582,917
	Travel	13,639
	Miscellaneous	30,325
	1992 Expenditure	626,881
	1991 Expenditure b/f	<u>286,765</u>
	Total Expenditure to date	<u>913,646</u>
(m)	<u>KAIKO MARU N°86</u>	
	Compensation	374,368
	Fees	20,452
	Miscellaneous	<u>97</u>
	Total Expenditure to date	<u>394,917</u>

(n)	<u>KUMI MARU N°2</u>	£
	Compensation	5,629
	Miscellaneous	<u>7</u>
	Total Expenditure to date	<u>5,636</u>
(o)	<u>AEGEAN SEA</u>	
	Travel	<u>2,259</u>
	Total Expenditure to date	<u>2,259</u>

SCHEDULE III

DETAILS OF CONTINGENT LIABILITIES AS AT 31 DECEMBER 1992

1 There are contingent liabilities estimated at £79,915,820 with regard to 14 incidents as at 31 December 1992.

2 Out of these contingent liabilities, a total amount of £400,908 has been liquidated as at 30 April 1993. This amount relates to the payment of compensation and/or indemnification in respect of the HOKUNAN MARU N°12, KAIKO MARU N°86 and FUKKOL MARU N°12 incidents, and to the payment of fees mainly in respect of the AGIP ABRUZZO and HAVEN incidents.

3 The assessment of contingent liabilities in respect of the HAVEN incident presents a special problem.

As a result of the HAVEN incident, claims for a total amount of Lit1,541,488,793,305 (£690 million) plus FFr94,695,183 (£11.3 million) have been submitted to the Court of first instance in Genoa (Italy). It is possible that the aggregate amount of the claims will increase.

The IOPC Fund's position is that the maximum amount of 900 million (gold) francs payable 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 the Court in Genoa 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, giving an amount of Lit771,397,947,400 (approximately £346 million), instead of Lit102,864,000,000 (approximately £46 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.

The IOPC Fund's opposition was dealt with at a hearing held by the Court on 12 June 1992. The Court held at that hearing that, for procedural reasons, it was unable to deal with the substantive issue. A new hearing was scheduled to take place on 29 January 1993, but that hearing was postponed due to a procedural matter. A hearing on the conversion issue is to be held on 18 June 1993, and it is expected that the Court will render its decision on this issue in July 1993.

At its 15th session, held in October 1992, the IOPC Fund Assembly expressed its grave concern as regards the consequences of the decision rendered by the judge for the future of the international regime of liability and compensation established by the Civil Liability Convention and the Fund Convention. It agreed with the view expressed in the pleadings presented by the IOPC Fund that the universally accepted interpretation of the Fund Convention was that the limit of the IOPC Fund's cover should be determined by using the SDR (document FUND/A.15/28, paragraph 8.3).

At its 34th session, held in March 1993, the Executive Committee, recognizing the great complexity of the issues involved, instructed the Director to enter into discussions with the Italian and French Governments for the purpose of exploring the possibilities of out-of-court settlements in respect of claims arising out of the HAVEN incident and to report the results of these discussions to the Committee in due course (document FUND/EXC.34/9, paragraph 3.1.4).

4 Regarding the KASUGA MARU N°1 incident, 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 this incident. Any further claims for compensation will be time-barred in December 1994.

5 Concerning the BONITO incident, it is the view of the Director that a considerable part of the amounts claimed in compensation (£259,011) relates to operations which do not fall within the definition of "pollution damage" laid down in the Civil Liability Convention. It appears unlikely, therefore, that the IOPC Fund will be called upon to pay compensation or indemnification as a result of this incident.

6 With respect to the VISTABELLA incident, it is uncertain whether the shipowner will be financially capable of meeting his obligations. The IOPC Fund may therefore be liable for a further £50,000.

7 As for the AGIP ABRUZZO incident, further claims may be submitted.

8 The AEGEAN SEA incident occurred on 3 December 1992, causing extensive pollution damage, particularly to fishing and aquaculture. As at 31 December 1992, no claims for compensation had been presented, and as late as 30 April 1993 only some of the expected claims had been received. The indication of contingent liabilities in relation to this incident is the Director's best estimate.

9 On 14 January 1993, the IOPC Fund was informed by the Government of Portugal of an oil spill which occurred on 7 December 1992, causing pollution on the Portuguese coast. The Government has maintained that, although the identity of the ship from which the oil originated has not been established, the circumstances of the case show that the oil came from a laden tanker. In the view of the Government, the IOPC Fund is, therefore, liable to pay compensation. A claim for clean-up costs has been submitted by the Government of Portugal in the amount of Esc16,688,913 (£75,090). An additional claim is expected, but it is not possible to estimate the amount of this additional claim.

The question as to whether the IOPC Fund is liable to pay compensation in this case has been submitted to the Executive Committee for consideration at its 35th session (cf document FUND/EXC.35/7).

10 The incidents in respect of which over the years the IOPC Fund has been, or may be, held liable are set out in the IOPC Fund's "Annual Report 1992".

11 Details of the contingent liabilities, given in rounded figures, as at 31 December 1992, are as follows.

(a)	PATMOS (21.3.1985)	£
	<u>Compensation</u>	
	Italian Government (Lit 5,385,773,163)	
	Shipowner (Lit 660,045,580)	
	Other private claimants (Lit 9,107,768,791)	
	Total claims (Lit 15,153,587,534)	6,793,050
	<u>Minus</u>	
	CLC limit (Lit13,263,703,650)	5,945,850
		<u>847,200</u>
	<u>Plus</u>	
	Legal fees	100,000
	Miscellaneous	<u>10,000</u>
		<u>957,200</u>

(b)	<u>KAZUEI MARU N°10</u> (11.4.1990)	£
	Legal fees (¥3,000,000)	<u>15,870</u>
		<u>15,870</u>
(c)	<u>BONITO</u> (12.10.1990)	
	<u>Compensation</u> Clean-up operations	259,011
	<u>Minus</u> CLC Limit	<u>241,000</u> 18,011
	<u>Plus</u> Indemnification	<u>60,250</u>
		<u>78,261</u>
(d)	<u>RIO ORINOCO</u> (16.10.1990)	
	Indemnification (Can\$295,654)	152,910
	Legal fees	<u>10,000</u>
		<u>162,910</u>
(e)	<u>PORTFIELD</u> (5.11.1990)	
	<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	30,000
	Surveyors' fees	<u>10,000</u>
		<u>278,849</u>
(f)	<u>VISTABELLA</u> (7.3.1991)	
	<u>Compensation</u> French Government (FFr8,711,275)	1,041,400
	<u>Minus</u> CLC Limit	<u>50,000</u> 991,400
	<u>Plus</u> Indemnification	12,500
	Legal fees	10,000
	Surveyors' fees	<u>10,000</u>
		<u>1,023,900</u>

(g)	<u>HOKUNAN MARU N°12</u> (5.4.1991)	£
	Indemnification (¥880,880)	4,660
	Surveyors' fees (¥98,194)	<u>520</u>
		<u>5,180</u>
(h)	<u>AGIP ABRUZZO</u> (10.4.1991)	
	<u>Compensation</u>	
	Italian Government (Lit1,333,000,000)	597,560
	Small boat owner (Lit65,335,000)	<u>29,290</u>
		626,850
	<u>Minus</u>	
	CLC Limit (Lit1,452,500,000)	<u>651,130</u>
		(24,280)
	<u>Plus</u>	
	Indemnification (Lit4,150,000,000)	1,860,360
	Legal fees	30,000
	Surveyors' fees	<u>80,000</u>
		<u>1,946,080</u>
(i)	<u>HAVEN</u> (11.4.1991)	
	<u>Compensation</u>	
	Maximum amount available under the Convention	
	Claims (Lit102,864,000,000)	46,111,850
	<u>Minus</u>	
	CLC Limit (Lit23,950,220,000)	<u>10,736,400</u>
		35,375,450
	<u>Plus</u>	
	Indemnification (Lit9,694,137,000)	4,345,690
	Legal fees	150,000
	Surveyors' fees	<u>150,000</u>
		<u>40,021,140</u>
(j)	<u>KAIKO MARU N°86</u> (12.4.1991)	
	Indemnification (¥3,665,120)	19,390
	Legal fees (¥2,000,000)	<u>10,580</u>
		<u>29,970</u>

(k)	<u>KUMI MARU N°12</u> (27.12.1991)	£
	Indemnification (¥764,640)	4,050
	Legal fees (¥1,000,000)	5,290
	Surveyors' fees (¥2,000,000)	<u>10,580</u>
		<u>19,920</u>
(l)	<u>FUKKOL MARU N°12</u> (9.6.1991)	
	<u>Compensation</u>	
	Damage to fish cargo (¥6,442,397)	34,090
	<u>Minus</u>	
	CLC Limit (¥2,198,400)	<u>11,630</u>
		<u>22,460</u>
	<u>Plus</u>	
	Indemnification (¥549,600)	2,910
	Legal fees (¥1,000,000)	5,290
	Surveyors' fees (¥2,000,000)	<u>10,580</u>
		<u>41,240</u>
(m)	<u>AEGEAN SEA</u> (3.12.1992)	
	<u>Compensation</u>	
	Claims (not yet submitted)	40,000,000
	<u>Minus</u>	
	CLC Limit (Pts 1,121,219,450)	<u>6,453,060</u>
		<u>33,546,940</u>
	<u>Plus</u>	
	Indemnification (Pts 280,304,863)	1,613,270
	Legal fees	25,000
	Surveyors' fees	<u>75,000</u>
		<u>35,260,210</u>
(n)	<u>Spill from Unidentified Source, Portugal</u> (7.12.1992)	
	<u>Compensation</u>	
	Claims (Esc16,688,913)	<u>75,090</u>
		<u>75,090</u>
