



International Oil Pollution Compensation Funds Annual Report

20
14



International Oil Pollution Compensation Funds

Annual Report

2014

International Oil Pollution Compensation Funds

Portland House
Bressenden Place
London SW1E 5PN
United Kingdom

Telephone: **+44 (0)20 7592 7100**

Fax: **+44 (0)20 7592 7111**

E-mail (for all enquiries): **info@iopcfunds.org**

Website: **www.iopcfunds.org**

INTRODUCTION

Foreword	02
Director's Review	04
Funds Overview	06
Legal Framework	08
The 2010 HNS Convention	10

OPERATIONAL REVIEW

Secretariat	14
Administration	16
FAQs	18
Contributions	19
External Relations	22
Compensation and Claims Management	26
Incidents Involving the IOPC Funds	28

GOVERNING BODIES

Role of the Governing Bodies	32
Meetings of the Governing Bodies in 2014	34
Winding up of the 1971 Fund	36

FINANCIAL REVIEW

Certificate	42
Extracts from 2013 Financial Statements	43
Key Financial Figures for 2014 (Unaudited)	49

Acknowledgements	52
------------------	----

Foreword

I am delighted to present the Annual Report of the IOPC Funds, which sets out in detail the activities and achievements of the Organisation during the course of 2014.

As Chairman of the 1992 Fund Assembly, I have had the great privilege of presiding over the sessions of the governing bodies in April and October 2014 but have also had the opportunity of working intersessionally with the Director and the Secretariat during what has been a challenging year for the Organisation.

Most notably, I have witnessed the great efforts of the Director, the Chairman of the 1971 Fund Administrative Council, the Secretariat and former 1971 Fund Member States to work together to complete the final stage of the transition from the old regime to the new regime, following the decision to dissolve the 1971 Fund with effect 31 December 2014. Whilst the transition may well have taken some time to complete, the 1992 Fund's own development and appetite for improvement has certainly not been left behind.

The Online Reporting System (ORS) is now fully functional and more and more States volunteered in 2014 to use it to present their reports on contributing oil receipts. The success and efficiency of that system can only be fully appreciated when the majority of States make use of it and so I am happy to reiterate the request of the Secretariat to encourage States to submit their 2014 oil reports via the ORS in 2015. Taking into account the number of contributors to the 1992 Fund, I continue to be impressed each year by the Secretariat's success rate for ensuring reports are submitted and contributions are paid. 2014 was no exception with only eight States with outstanding oil reports for more than one year and 0.04% of contributions unpaid.

The 1992 Fund continued to focus its work in 2014 on the preparedness of the Secretariat, claimants and Member States and produced a number of publications to that end. The Claims Information Pack contains the 2013 edition of the Claims Manual, sets of guidelines for presenting claims in different sectors and an example claim form. Further guidelines for claimants have been under development in 2014 and are expected to be added to this information pack and published in 2015.

A further booklet aimed at preparing Member States in advance of an oil spill was also published as a result of the work carried out by the 6th intersessional Working Group. The 7th intersessional Working Group focussing on clarifying the definition of 'ship' under the 1992 Civil Liability Convention held a further meeting in 2014 and is expected to conclude its work in 2015.

The joint Audit Body, elected in 2011, reached the end of its three-year tenure in October and presented its final report to the governing bodies. The Audit Body has provided invaluable support and guidance to the Organisation and I would like to take this opportunity to express the appreciation of both myself and the Member States to the outgoing Chairman and members. I also welcome the new Chairman and members, who were elected in October and look forward to working with them all in 2015.

The year ahead certainly looks somewhat different without the 1971 Fund, and I will miss my fellow Chairman, Captain David Bruce, with whom it has been a pleasure to share the podium for the past three years. However, together with the 1992 Fund Executive Committee and Supplementary Fund Assembly Chairmen, I look forward to continuing to work with Member States and the Secretariat to ensure the Organisation continues to function effectively and successfully.



Gaute Sivertsen

Chairman of the 1992 Fund Assembly



58% - reduction since 2012 in the number of Member States with >2 years' outstanding oil reports

I continue to be impressed each year by the Secretariat's success rate for ensuring reports are submitted and contributions are paid



Director's Review

The introduction of this new look Annual Report is very apt since it comes at a time when the organisation itself has undergone substantial development. The year 2014 saw the end of an era in the life of the International Oil Pollution Compensation Funds with the dissolution of the 1971 Fund after 36 years of operation. The decision to dissolve the Fund and the subsequent necessary speed with which the administrative and financial tasks relating to its dissolution were required to be carried out, undoubtedly represented two of the most significant challenges faced by the IOPC Funds in recent years.

In October 2014, for the first time in its history the 1971 Fund Administrative Council was required to hold a vote, with the majority of former 1971 Fund Member States voting in favour of the dissolution of the 1971 Fund with effect 31 December 2014. The decision taken by the Council was clearly a difficult one, but on balance it was a good decision. Once the decision to dissolve the 1971 Fund was taken the Secretariat dealt with all administrative aspects, including the reimbursement of £2.38 million to 213 former contributors to the 1971 Fund. However it is difficult to look back happily at the way in which the 1971 Fund came to an end, given that the IOPC Funds' longstanding relationship with the P&I Clubs was unfortunately damaged as a result. Repairing that damage and rebuilding the relationship between the Clubs and the Funds is at the very top of my agenda for 2015 and I am confident that despite this recent disagreement, both the Clubs and the Funds will be keen to find a new understanding that continues to enable them to work together to facilitate the prompt payment of compensation to victims.

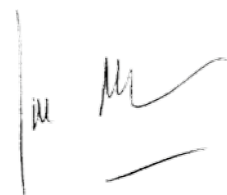
The difficulties in 2014, should not, however, overshadow the success of the 1971 Fund as an organisation. Having been involved in over 100 tanker incidents worldwide, paying some £331 million in compensation, the success and experience of that first International Oil Pollution Compensation Fund, paved the way for the new ever growing 1992 Fund which exists today, currently with 114 Member States.

It is this new improved Fund that is the focus from now on. There may well be fewer incidents in comparison to the days of the 1971 Fund, however, the risks remain and the incidents that have occurred

in recent years, although small in terms of damage incurred, have often raised new challenges. In 2014, the 1992 Fund was informed of two incidents which may involve the 1992 Fund, the *MT Pavit*, which occurred off the coast of India in July 2011 and the *Shoko Maru*, which occurred off the coast of Japan in May 2014. The 1992 Fund has been working with the authorities in both States to establish whether the 1992 Fund will be called upon to pay compensation.

The general engagement with Member States and non-Member States has continued to improve over the past year, in particular through the development of online country profiles, the annual Short Course and the regional lunch meetings in house, and through the Funds' participation in or running of workshops, conferences and seminars within States. Coinciding with the International Maritime Organization's theme for 2014, the IOPC Funds also focussed heavily at those events on the importance of correct implementation of the Conventions within national legislation.

I look forward to continuing to work with and to serve Member States in 2015, and would like to take this opportunity to thank all the Chairmen and Vice-Chairmen of the governing bodies for their support and guidance during 2014. I would like to extend that appreciation to my colleagues within the Secretariat who have maintained their professionalism and commitment in what was a particularly challenging year.



José Maura
Director

£331
Million

Total amount of compensation paid to victims worldwide by the 1971 Fund

The year 2014 saw the end of an era in the life of the International Oil Pollution Compensation Funds with the dissolution of the 1971 Fund after 36 years of operation



Funds Overview

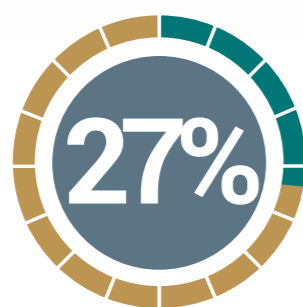
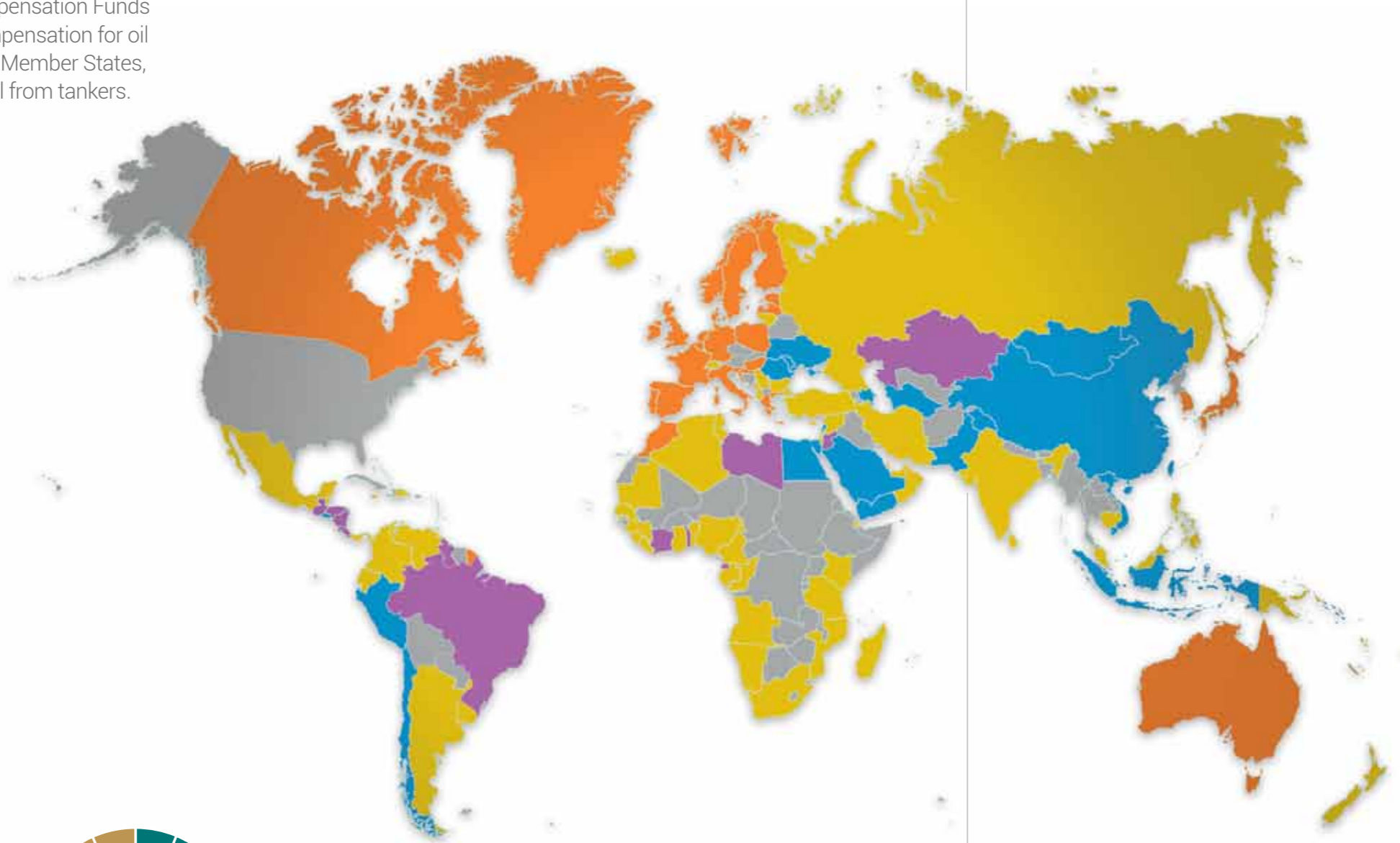
The International Oil Pollution Compensation Funds (IOPC Funds) provide financial compensation for oil pollution damage that occurs in its Member States, resulting from spills of persistent oil from tankers.

The history of the IOPC Funds began with the oil spill from the *Torrey Canyon*, which ran aground near the Scilly Isles in 1967, losing its entire cargo of approximately 119 000 tonnes of crude oil, fouling UK and French coastlines. This incident exposed a number of serious shortcomings, in particular the absence of an international agreement on liability and compensation in the event of such a spill. It led the international community to establish, under the auspices of the International Maritime Organization (IMO), a regime for compensation for victims of oil pollution.

The framework for the regime was the 1969 International Convention on Civil Liability for Oil Pollution Damage (1969 Civil Liability Convention) and the 1971 International Convention on the Establishment of an International Fund for Compensation for Oil Pollution (1971 Fund Convention). Over time, it became clear that the amount of compensation available for major incidents needed to be increased, and the scope of the regime widened. This resulted in two further instruments, known as the 1992 Civil Liability Convention and the 1992 Fund Convention. Following the *Erika* and *Prestige* incidents, a third instrument, the Supplementary Fund Protocol, was adopted in 2003, providing additional compensation over and above that available under the 1992 Fund Convention for pollution damage in the States that become Parties to the Protocol.

The IOPC Funds are financed by contributions paid by entities that receive certain types of oil after sea transport. These contributions are based on the amount of oil received in the relevant calendar year, and cover expected claims, together with the costs of administering the Funds.

Since their establishment, the 1992 Fund and the preceding 1971 Fund have been involved in 149 incidents of varying sizes all over the world. In the great majority of cases, all claims have been settled out of court. No incidents have occurred so far which have involved or are likely to involve the Supplementary Fund.



Number of 1992 Fund Member States who are also Parties to the Supplementary Fund Protocol

Since their establishment, the 1992 Fund and the preceding 1971 Fund have been involved in 149 incidents of varying sizes all over the world

114 Member States of the 1992 Fund

(31 States which are also Members of the Supplementary Fund are marked in bold)

- Albania
- Algeria
- Angola
- Antigua and Barbuda
- Argentina
- Australia**
- Bahamas
- Bahrain
- Barbados**
- Belgium**
- Belize
- Benin
- Brunei Darussalam
- Bulgaria
- Cambodia
- Cameroon
- Canada**
- Cape Verde
- China^{1>}
- Colombia
- Comoros
- Congo**
- Cook Islands
- Côte d'Ivoire
- Croatia**
- Cyprus
- Denmark**
- Djibouti
- Dominica
- Dominican Republic
- Ecuador
- Estonia**
- Fiji
- Finland**
- France**
- Gabon
- Georgia
- Germany**
- Ghana
- Greece**
- Grenada
- Guinea
- Hungary**
- Iceland
- India
- Ireland**
- Islamic Republic of Iran
- Israel
- Italy**
- Jamaica
- Japan**
- Kenya
- Kiribati
- Latvia**
- Liberia
- Lithuania**
- Luxembourg
- Madagascar
- Malaysia
- Maldives
- Malta
- Marshall Islands
- Mauritania
- Mauritius
- Mexico
- Monaco
- Montenegro**
- Morocco**
- Mozambique
- Namibia
- Netherlands**
- New Zealand
- Nicaragua (from 4 April 2015)
- Nigeria
- Niue
- Norway**
- Oman
- Palau
- Panama
- Papua New Guinea
- Philippines
- Poland**
- Portugal**
- Qatar
- Republic of Korea**
- Russian Federation
- Saint Kitts and Nevis
- Saint Lucia
- Saint Vincent and the Grenadines
- Samoa
- Senegal
- Serbia
- Seychelles
- Sierra Leone
- Singapore
- Slovakia**
- Slovenia**
- South Africa
- Spain**
- Sri Lanka
- Sweden**
- Switzerland
- Syrian Arab Republic
- Tonga
- Trinidad and Tobago
- Tunisia
- Turkey**
- Tuvalu
- United Arab Emirates
- United Kingdom**
- United Republic of Tanzania
- Uruguay
- Vanuatu
- Venezuela (Bolivarian Republic of)

^{1>} The 1992 Fund Convention applies to the Hong Kong Special Administrative Region only.

Legal Framework

The international compensation regime is currently based on the International Convention on Civil Liability for Oil Pollution Damage, 1992 (1992 Civil Liability Convention) and the International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage, 1992 (1992 Fund Convention) (Supplementary Fund Protocol). The texts of the 1992 Conventions and the Supplementary Fund Protocol may be obtained from the publications page of the Funds' website: www.iopcfunds.org. The 1992 Civil Liability Convention, the 1992 Fund Convention and the Supplementary Fund Protocol all apply to pollution damage caused by spills of persistent oil from tankers in the territory (including the territorial sea) or the exclusive economic zone (EEZ) or equivalent area of a State Party to the respective treaty instrument.

The 1992 Civil Liability Convention

The 1992 Civil Liability Convention (1992 CLC) governs the liability of shipowners for oil pollution damage. Under this Convention, the registered shipowner has strict liability for pollution damage caused by the escape or discharge of persistent oil from his ship. This means that he is liable even in the absence of fault on his part. He is exempt from liability only if he proves that:

- the damage resulted from an act of war, hostilities, civil war, insurrection or a natural phenomenon of an exceptional, inevitable and irresistible character, or
- the damage was wholly caused by an act or omission done with the intent to cause damage by a third party, or
- the damage was wholly caused by the negligence or other wrongful act of any Government or other authority responsible for the maintenance of lights or other navigational aids, in the exercise of that function.

The shipowner is normally entitled to limit his liability to an amount determined by the size of the ship, as set out below.

For ships carrying more than 2 000 tonnes of oil as cargo in bulk, the shipowner is obliged to maintain insurance to cover his liability under the 1992 CLC, and claimants have a right of direct action against the insurer. Any claims for pollution damage under the 1992 CLC can be made only against the registered owner of the ship concerned. This does not, in principle, preclude victims from claiming compensation outside the Conventions from persons other than the shipowner.

However, the 1992 CLC prohibits claims against the servants or agents of the shipowner, the members of the crew, the pilot, the charterer (including a bareboat charterer), manager or operator of the ship, or any person carrying out salvage operations or taking preventive measures, unless the pollution damage resulted from the personal act or omission of the person concerned, committed with the intent to cause such damage, or recklessly and with knowledge that such damage would probably result.

The 1992 Fund Convention

The 1992 Fund Convention, which is supplementary to the 1992 CLC, establishes a regime for compensating victims when compensation under the 1992 CLC is not available or is inadequate. The International Oil Pollution Compensation Fund, 1992 (1992 Fund) was set up under the 1992 Fund Convention.

The 1992 Fund pays compensation when:

- the damage exceeds the limit of the shipowner's liability under the 1992 CLC, or
- the shipowner is exempt from liability under the 1992 CLC, or
- the shipowner is financially incapable of meeting his obligations in full under the 1992 CLC and the insurance is insufficient to pay valid compensation claims.

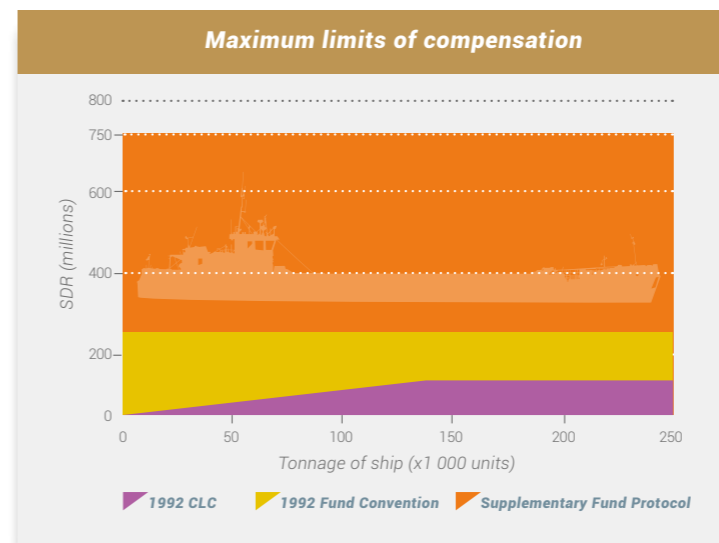
The maximum compensation payable by the 1992 Fund is 203 million SDR for incidents occurring on or after 1 November 2003, irrespective of the size of the ship. For incidents occurring before that date, the maximum amount payable is 135 million SDR. These maximum amounts include the sums actually paid by the shipowner under the 1992 CLC.

The 1992 Fund is financed by contributions levied on any person who has received in one calendar year more than 150 000 tonnes of crude oil and/or heavy fuel oil (contributing oil) in a Member State of the 1992 Fund.

The Supplementary Fund Protocol

The Supplementary Fund Protocol, which was adopted in 2003, entered into force in 2005, thereby establishing the International Oil Pollution Compensation Supplementary Fund, 2003 (Supplementary Fund). The Supplementary Fund provides additional compensation beyond the amount available under the 1992 Fund Convention in 1992 Fund Member States which are also Parties to the Protocol. The total amount available for compensation for each incident is 750 million SDR, including the amounts payable under the 1992 Conventions.

Annual contributions to the Supplementary Fund are made on the same basis as contributions to the 1992 Fund. The Supplementary Fund differs from the 1992 Fund in that, for the purpose of paying contributions, at least 1 million tonnes of contributing oil are deemed to have been received each year in each Member State.



STOPIA 2006 and TOPIA 2006

STOPIA 2006 and TOPIA 2006 are two voluntary agreements which were set up to indemnify the 1992 Fund and Supplementary Fund, respectively, for compensation paid above the shipowner's limit of liability under the 1992 CLC, up to certain amounts. The 1992 Fund and Supplementary Fund are not parties to these agreements, which nevertheless confer legally enforceable rights on the Funds to indemnification from the shipowner in States for which the 1992 Fund Convention or Supplementary Fund Protocol is in force.

The Small Tanker Oil Pollution Indemnification Agreement 2006 (STOPIA 2006) is a voluntary agreement between owners of small tankers (i.e. 29 548 GT or less) and their insurers, under which the maximum amount of compensation payable by owners of small tankers is increased to 20 million SDR. It applies to all small tankers entered in a P&I Club that is a member of the International Group, and reinsured through the pooling arrangements of the Group. The first and only incident so far in respect of which indemnification has been paid to the 1992 Fund under STOPIA 2006 was the *Solar 7* spill that occurred in the Philippines in 2006.

The Tanker Oil Pollution Indemnification Agreement 2006 (TOPIA 2006) is another voluntary agreement, which applies to all tankers entered in P&I Clubs that are members of the International Group and reinsured through the pooling arrangements of the Group. Under TOPIA 2006, the Supplementary Fund is indemnified for 50% of any amounts paid in compensation in respect of incidents involving tankers entered in the agreement.

The Old Regime

1969 Civil Liability Convention

The international compensation regime for oil pollution was originally set up some four decades ago by the 1969 Civil Liability Convention (1969 CLC) and the 1971 Fund Convention. The 1969 CLC entered into force in 1975. The main features of the Convention are the same as those of the 1992 CLC, but there are differences on specific points. Most importantly, under the 1969 CLC, the limit of the shipowner's liability is much lower than under the 1992 CLC (up to a maximum of 14 million SDR). As at 31 December 2014, 34 States were Parties to the 1969 CLC, out of which 22 were also Parties to the 1992 CLC. In such cases, States are advised to denounce the 1969 CLC as it can lead to confusion in national law. The Secretariat is available to assist Member States on this matter if required.

1971 Fund Convention

The International Oil Pollution Compensation Fund, 1971 (1971 Fund) was set up under the 1971 Fund Convention, when it entered into force in 1978. The maximum amount of compensation payable by the 1971 Fund per incident was 60 million SDR, including the amount paid under the 1969 CLC. The 1971 Fund Convention ceased to be in force on 24 May 2002 and consequently did not apply to incidents occurring after that date. The 1971 Fund continued to operate for several years in order to settle outstanding claims and resolve the outstanding incidents involving that Fund. Finally, at the October 2014 session of the 1971 Fund Administrative Council, Member States decided to wind up the Fund with effect from 31 December 2014. Consequently the 1971 Fund ceased to exist as of that date. During its 36 years in operation the 1971 Fund was involved in over 100 incidents and paid some £331 million in compensation to victims of oil pollution damage. Further information relating specifically to the decision to wind up the 1971 Fund and the key events which took place over the course of the Fund's final year, including the decisions taken by the 1971 Fund Administrative Council at its May and October 2014 sessions, are set out on pages 36-37. Full records of decisions setting out the discussions at the 2014 sessions of the governing bodies are available on the document services section of the website (www.iopcfunds.org).

<1> The unit of account in the Conventions is the Special Drawing Right (SDR) as defined by the International Monetary Fund

	Ship not exceeding 5 000 units of gross tonnage	Ship between 5 000 and 140 000 units of gross tonnage	Ship of 140 000 units of gross tonnage or over
CLC limit	4 510 000 SDR <1>	4 510 000 SDR plus 631 SDR for each additional unit of tonnage	89 770 000 SDR

The 2010 HNS Convention

The International Convention on Liability and Compensation for Damage in Connection with the Carriage of Hazardous and Noxious Substances by Sea, 2010 (2010 HNS Convention) aims to ensure adequate, prompt and effective compensation for personal injury, damage to property, costs of clean up and reinstatement measures and economic losses resulting from the maritime transport of hazardous and noxious substances (HNS). Pollution damage caused by persistent oils already covered by the Civil Liability and Fund Conventions is excluded, as is damage caused by radioactive materials. The Convention is largely modeled on the 1992 Civil Liability and Fund Conventions.

The HNS Convention was first adopted at an international conference held by IMO in May 1996, but did not enter into force. A second international conference, held in April 2010, adopted a Protocol to the HNS Convention (2010 HNS Protocol), designed to address practical problems that had prevented States from ratifying the original Convention. At the request of both Conferences, the 1992 Fund Secretariat was given the assignment to carry out administrative tasks necessary to set up the HNS Fund. This was decided on the basis that all expenses incurred would be repaid, with interest, to the 1992 Fund by the HNS Fund once the Convention enters into force. HNS represent a wide array of chemical substances of varying properties and hazards, which include both bulk cargoes and packaged goods. Bulk cargoes can be solids, liquids (including both persistent and non-persistent oils) and liquefied gases, such as liquefied natural gas (LNG) or liquefied petroleum gas (LPG). The definition of HNS set out in the HNS Convention is based on lists of individual substances identified in a number of IMO Conventions and Codes, designed to ensure maritime safety and prevention of pollution. For instance, the International Maritime Dangerous Goods Code (IMDG Code) lists hundreds of substances which can be dangerous when shipped in packaged form. Low hazard substances, such as coal and iron, are generally excluded from the HNS Convention.

Unlike the 1992 Civil Liability and Fund Conventions' three-tier system (with the

Supplementary Fund where applicable), the 2010 HNS Convention offers a two-tier system in one single treaty, in which the shipowner is strictly liable to pay the first tier of compensation, while a Fund (the HNS Fund) generated from levies on cargo receivers in all Member States provides the second-tier of compensation.

The shipowner's liability varies for bulk HNS and packaged HNS. For bulk HNS it ranges from 10 million SDR for ships up to 2 000 GT to a maximum of 100 million SDR for ships of 100 000 GT and above. For damage caused by packaged HNS it ranges from 11.5 million SDR to a maximum of 115 million SDR. It is compulsory for all ships to have insurance to cover their liability and claimants have a right of direct action against the insurer¹².

The HNS Fund will provide the second tier of compensation up to a total of 250 million SDR, including the amount payable by the shipowner under the first tier, irrespective of ship size, and will comprise a general account covering bulk solids and other HNS as well as three separate accounts for oil, LPG and LNG. Each separate account will meet claims attributable to the respective cargo and will be funded in proportion to total receipts of relevant cargoes in Member States, which means that there will be no cross-subsidisation between accounts.

Contributions by individual receivers will be based on the thresholds shown in the table below.

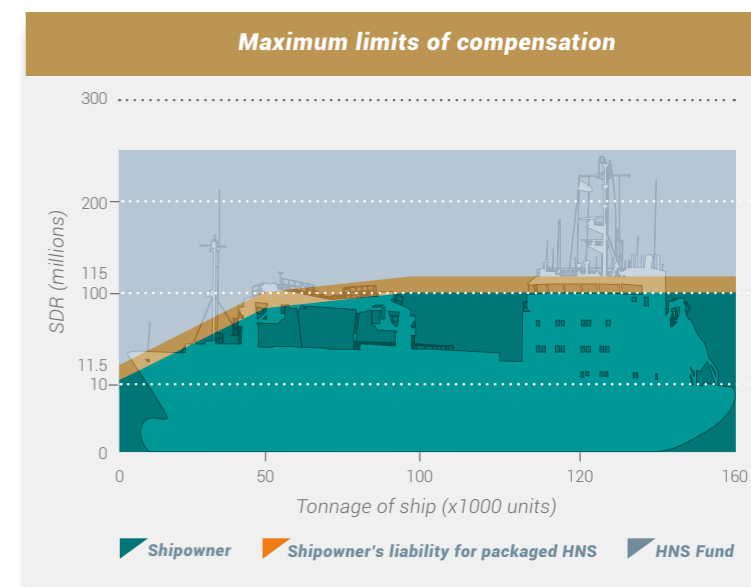
¹²Ships below 200 GT can be excluded from the Convention by the State Party.

	Establishment of account	Contributions to account/sector per receiver
General Account	40 million tonnes*	
• Bulk Solids		> 20 000 tonnes
• Other HNS		
Oil Account	350 million tonnes	
• Persistent oil		> 150 000 tonnes
• Non-persistent oil		> 20 000 tonnes
LPG account	15 million tonnes	> 20 000 tonnes
LNG account	20 millions tonnes	No minimum quantity

(*Condition for entry into force)

The 2010 HNS Convention is open for accession and will enter into force 18 months after the date on which it is ratified or acceded to by at least twelve States. This must include four States that have no less than two million units of shipping gross tonnage each. The four States must also have received in the immediately preceding calendar year a total of at least 40 million tonnes of cargo, which would contribute to the general account.

Since the 2010 HNS Protocol was adopted, the 1992 Fund Secretariat has carried out numerous tasks necessary to set up the HNS Fund. Throughout 2014, the Secretariat continued to provide assistance to IMO and States in order to support the Protocol's early entry into force. In May 2014, the Legal Committee of the IMO approved the re-establishment of the HNS Correspondence Group. Chaired by François Marier of Canada, the group advocates for the ratification of the 2010 HNS Protocol through information and experience sharing. The 1992 Fund Secretariat supports this group by administrating its online blogging site, which has been successfully used to publicise a number of workshops and informal meetings during the year, to share reports of those meetings and key papers produced as a result, including most recently a chart for States to update each other with progress towards ratification.



The Secretariat has also continued to maintain and improve the website www.hnsconvention.org, which provides easy access to a number of tools and resources for the use of those States considering, or in the process of, ratifying the Protocol. This includes the IMO-approved HNS contributing cargo reporting guidelines and accompanying model reporting forms; the consolidated text of the 2010 HNS Convention, Protocol and reporting guidelines in English, French and Spanish; and the web-based database, the HNS Finder, which provides a complete list of HNS covered by the Convention. The HNS Finder includes a search function which enables users to look up substances and determine whether a substance is contributing cargo that must be reported, and whether it qualifies for compensation under the Convention.

The Secretariat took advantage of every opportunity in 2014 to assist States in deepening their understanding of the implementation of the Protocol, including assisting the Italian Government with the running of a workshop on HNS, speaking at the European LPG Markets Conference and contributing to and participating in a number of other initiatives to promote awareness of the Protocol and encourage its prompt ratification by States.

The following eight States have signed the 2010 HNS Protocol but no ratification has taken place yet.

Canada	Greece
Denmark	Netherlands
France	Norway
Germany	Turkey



Operational Review

<i>Secretariat</i>	14
<i>Administration</i>	16
<i>FAQs</i>	18
<i>Contributions</i>	19
<i>External Relations</i>	22
<i>Compensation and Claims Management</i>	26
<i>Incidents Involving the IOPC Funds</i>	28

In this section

In this section, the administration and organisational structure of the IOPC Funds during 2014 are described.

The Secretariat, headed by the Director, has 34 established posts and is based in London, United Kingdom (pages 14-15). The relationship between the Host State and the IOPC Funds is governed by a Headquarters Agreement between the United Kingdom Government and the IOPC Funds. The Agreement sets out the privileges and immunities of the IOPC Funds, of delegates to meetings and of staff members.

In addition to the Secretariat, the Director is supported by the joint Audit Body and the joint Investment Advisory Body. Details of their role in the management of the IOPC Funds as well as key information regarding the running costs of the Secretariat are provided under Administration (pages 16-17). The contributions levied by the various Funds and a summary of the total quantities of contributing oil received by Member States is reported under Contributions, together with an outline of how the annual levies are calculated (pages 19-21).

The Funds engage in a variety of outreach activities. These include maintaining a website in the three official languages (English, French and Spanish), which provides up-to-date information about the Organisations and includes the Document Services website where users can download all documents for past and forthcoming meetings. The activities undertaken by the IOPC Funds during 2014 to increase awareness of the Funds' role in the international oil pollution compensation regime, such as presentations at conferences, the organisation of workshops and meetings with interested parties, are set out under External Relations, which also includes lists of States and organisations that hold observer status with the Funds (pages 22-25).

Finally in this section, a summary is given of the incidents currently being dealt with by the Funds as well as an overview of the claims handling process (pages 26-29). In light of the frequent updates and improvements to the incident-related information available on the IOPC Funds' website, the governing bodies decided in October 2014 that it was no longer necessary to annually print a full publication dedicated to the incidents involving the IOPC Funds. However, this section of the Annual Report has been expanded this year to include the general developments in the incidents over the course of 2014 (pages 30-31).

Secretariat

The 1992 Fund and the Supplementary Fund share a joint Secretariat, based in London. As at 31 December 2014, the Secretariat had 34 established posts. The Director is the chief administrative officer and is responsible for the overall management of the Funds, including maintaining a sound system of internal control that supports the achievement of the Funds' policies, aims and objectives and safeguards its assets. The system of internal control is based on procedures designed to ensure conformity with the Funds' Financial Regulations, Internal Regulations and decisions of the respective governing bodies.

For the strategic running of the Secretariat, the Director is assisted by a Management Team, comprising the Deputy Director/Head of the Finance and Administration Department,

the Legal Counsel, the Head of the External Relations and Conference Department and the Head of the Claims Department. In the event that the Director was unable to assume his functions, the members of the Management Team, in the order set out above, would take on the responsibilities of the Director.

In addition to the permanent staff of the Secretariat, the Funds use external consultants to provide advice on legal and technical matters, as well as on other matters relating to the management of the Funds, where necessary. In connection with a number of major incidents, the Funds and the shipowner's third-party liability insurer have jointly established local claims offices to provide more efficient handling of claims and to assist claimants.

IOPC Funds' Secretariat as of March 2015

Director's Office



José Maura

Director



Akiko Yoshida

Legal Counsel



Jill Martinez

Administrative Officer



Astrid Richardson

Administrative/Claims Assistant

Claims Department



Lílíana Monsalve

Head of Department



Chiara Della Mea

Claims Manager



Mark Homan

Claims Manager



Ana Cuesta

Claims Administrator



Chrystelle Collier

Claims Administrator

Finance & Administration Department



Ranjit Pillai

Deputy Director/
Head of Department



Rob Owen

IT Manager



Latha Srinivasan

Finance Manager



Modesto Zotti

Office Manager



Stuart Colman

IT Officer



Elisabeth Galobardes

Finance Assistant



Kathy McBride

Finance Assistant



Marina Ogonyan

Finance Assistant



Paul Davis

Administrative/IT Assistant

1 Vacant Post of
Human Resources
Manager

External Relations & Conference Department



Thomas Liebert

Head of Department



Victoria Turner

Information Officer



Thomas Moran

External Relations &
Conference Coordinator



Mandy Simmons

External Relations
Administrator (Oil Reporting)



Julia Sukan

External Relations &
Conference Assistant



Natalia Ormrod

Translation Coordinator



María Alonso

Associate Editor
(Spanish)



Sylvie Legidos

Associate Editor
(French)



Melina Jeannotat

Associate Editor
(French)

Administration

Financial administration

The General Funds cover the administration expenses of the respective Funds, including the costs of running the joint Secretariat and, in respect of the 1992 Fund, for compensation payments and claims-related expenditure, up to a maximum amount defined by the sterling equivalent 4 million SDR (1992 Fund) per incident. Separate Major Claims Funds are established for incidents for which the total amounts payable exceed those amounts. A Claims Fund is established for any incident for which the Supplementary Fund has to pay compensation. Since there have been no incidents involving the Supplementary Fund, no Claims Funds have been established. The General Fund of the 1971 Fund also covered administration expenses, as well as claims-related expenditure up to a maximum amount defined by the sterling equivalent of 1 million SDR (1971 Fund). Separate Major Claims Funds were established for incidents for which the total amounts payable exceeded those amounts.

Financial information

Financial Statements prepared under the International Public Sector Accounting Standards (IPSAS) provide a comprehensive view of the financial position and the financial performance of the organisation at the entity level. The Funds' activities have been classified into segments on the basis of the General Fund and Major Claims Funds and disclosure about each stream of activity is provided in the notes to the Financial Statements.

1992 Fund

Financial Information for 2013 (audited)

Contributions of some £5 million were levied in 2012 for payment in 2013 in relation to the General Fund. Prior years' contributions were levied for payment during the year due to late receipt or adjustments to oil reports received. Interest on investments amounted to some £2.3 million. Claims and claims-related expenditure during the period was some £5.5 million. The payments related mainly to the *Volgoneft 139*, *Hebei Spirit* and *Prestige* incidents.

Financial Information for 2014 (unaudited)

Contributions of some £3.3 million, £2.5 million, £7.5 million were levied in 2013 for payment in 2014 in relation to the General Fund, *Prestige* Major Claims Fund and *Volgoneft 139* Major Claims Fund respectively. Reimbursement of £26.2 million was made to contributors to the *Erika* Major Claims Fund. Interest on investments amounted to some £2.1 million. Claims and claims-related expenditure during the period was some £3.8 million. The payments related mainly to the *Hebei Spirit* and *Nesa R3* incidents.

Supplementary Fund

Financial Information for 2013 (audited)

No contributions were due during 2013. Interest on investments amounted to some £8 520. Total obligations incurred by the Supplementary Fund amounted to £36 600, of which £33 000 was in respect of the management fee payable to the 1992 Fund.

Financial Information for 2014 (unaudited)

No contributions were levied for payment in 2014. Interest on investments amounted to some £7 000. Total obligations incurred by the Supplementary Fund amounted to £35 600, of which £32 000 was in respect of the management fee payable to the 1992 Fund.

Joint Secretariat expenses

The joint administrative expenses (excluding the External Auditor's fees which are paid directly by each of the Funds) for the Secretariat, administered by the 1992 Fund are set out below.

Commentary on the joint Secretariat expenditure is provided in Annex I of the 1992 Fund's Financial Statements for the financial periods 2013 and 2012, which are available on the Funds' website: www.iopcfunds.org.

Joint Secretariat expenditure	2014 unaudited	2013 audited	2012 audited
Expenditure	£ 3 792 000	£ 3 815 176	£ 3 768 342
Budget	£ 4 165 960	£ 4 339 660	£ 4 607 510
Expenditure as % of budget	91%	88%	82%
External Auditor's fees			
1992 Fund	£ 48 500	£ 48 500	£ 48 500
1971 Fund	£ 26 900	£ 10 300	£ 10 300
Supplementary Fund	£ 3 600	£ 3 600	£ 3 600
Management fees received by 1992 Fund from Supplementary Fund and 1971 Fund	£ 512 000*	£ 280 500	£ 314 500

*The 1971 Fund paid an additional management fee to the 1992 Fund of £240 000 in recognition of the substantial additional time spent by the Director and Secretariat staff in matters dealing with the winding up of the 1971 Fund. The total management fee paid by the 1971 Fund amounted to £480 000.

1971 Fund

Financial Information for 2013 (audited)

Following the decision of the 1971 Fund Administrative Council at its October 2013 session, the 2013 Financial Statements were prepared on a not going concern basis. Interest on investments amounted to some £26 000. Total obligations incurred by the 1971 Fund in respect of administrative expenses amounted to some £282 290, of which £247 500 was in respect of the management fee payable to the 1992 Fund. Claims and claims-related expenditure amounted to some £168 000, mainly in respect of the *Iliad*, *Vistabella* and *Nissos Amorgos* incidents.

Financial Information for 2014 (unaudited)

At its October 2014 session the 1971 Fund Administrative Council adopted a Resolution that the 1971 Fund be dissolved and its legal personality cease to exist with effect from the expiry of the last day of the financial year 2014 (31 December 2014). The Financial Statements for 2014 will be the final set of financial statements.

No contributions were levied for payment in 2014. Interest on investments amounted to some £19 000. Total obligations incurred by the 1971 Fund in respect of administrative expenses amounted to £674 435, of which £480 000 was in respect of the management fee payable to the 1992 Fund. Claims and claims-related expenditure amounted to some £1.6 million.

Risk management

The Secretariat has a full risk management system in place, which is regularly reviewed and updated. In consultation with the Audit Body and the External Auditor the risks are categorised either as operational risks or institutional issues. Operational risks have five further subcategories, namely: finance/contributions, governance/management, compensation, safety/security and communication/publications (including website). These identified risks, institutional issues and any corresponding mitigation measures which are put in place are continuously monitored to ensure a robust risk management system is maintained.

Net Assets of the respective IOPC Funds	2014 unaudited	2013 audited	2012 audited
	£	£	£
1992 Fund	166 300 000	158 481 026	193 442 370
Supplementary Fund	943 000	971 465	999 542
1971 Fund	Nil (Fund dissolved with effect 31/12/14)	4 673 361	5 098 734



First meeting of the newly elected joint Audit Body.

Audit Body

The joint Audit Body, established by the IOPC Funds' governing bodies, normally meets three times a year to review the adequacy and effectiveness of the Organisations regarding key issues of management and financial systems, financial reporting, internal controls, operational procedures and risk management, and to review the Organisations' Financial Statements and reports. It also considers all relevant reports by the External Auditor. The Audit Body reports to the governing bodies at their regular autumn session.

The seven current members of the joint Audit Body, elected in October 2014, are:

Mr John Gillies (Australia)

Mr Makato Harunari (Japan)

Mr Michael Knight (External expert)

Mr José Luis Herrera Vaca (Mexico)

Mr Eugène Ngango Ebandjo (Cameroon)

Vice-Admiral Giancarlo Olimbo (Italy)

Mr Jerry Rysanek (Canada)(Chairman)

Investment Advisory Body

The joint Investment Advisory Body, established by the IOPC Funds' governing bodies, advises the Director on procedures for investment and cash management controls. This Body also reviews the IOPC Funds' investments and foreign exchange requirements, to ensure that reasonable investment returns are achieved without compromising the safety of the IOPC Funds' assets. The Body normally meets four times a year with the Secretariat. It also meets with the Audit Body and External Auditor to share information, and reports to the governing bodies at their regular autumn session.



The three current members of the joint Investment Advisory Body, appointed in October 2014, are (left to right): Mr Alan Moore, Mr Simon Whitney-Long, Mr Brian Turner.

FAQs

Q: How are the IOPC Funds financed?

A: This is explained in full detail under the Contributions section opposite, but in general the receivers of contributing oil (persistent oil) in a Member State are liable to pay contributions to the IOPC Funds, if they have received in excess of 150 000 tonnes in a calendar year or if they receive less, but are associated with another oil receiver.

Q: Does that mean that Member States do not pay?

A: Normally, Member States do not pay any contributions. However, a State can choose to pay the contributions instead of the individual receivers if it wishes, but only a few States have chosen to do this. Under the Supplementary Fund Protocol a minimum of 1 million tonnes of contributing oil is deemed to be received by each Member State. When the aggregate quantity of contributing oil received in a Member State is less than 1 million, the State must assume the obligation for the difference.

Q: Do oil exporters pay contributions?

A: No. In order to create a system which would not be too complicated to operate, it was decided to count oil quantities for contribution purposes only when they were received at a port after sea transport.

Q: Does a company that receives oil temporarily in a storage facility for others have to pay?

A: Yes. It is the first physical receiver of the oil in a Member State who is liable to pay contributions, provided that the oil has previously been transported by sea. It does not matter whether the oil is received on behalf of another company.

Q: If nobody in a Member State receives oil, what happens?

A: If there are no entities in a State that receive more than 150 000 tonnes of contributing oil in a year, the State must still inform the Fund by submitting a nil report. The State will have financial protection for any tanker spills but would not have to make any contributions.

Q: How much does it cost to be a Member of the 1992 Fund or the Supplementary Fund?

A: The level of contributions varies each year, depending on the amounts of compensation which the 1992 Fund or the Supplementary Fund has to pay. That depends on the incidents which occur and the amounts to be paid in compensation for each of them and the amount of claims-related expenditure required. There are no fixed premiums to pay and the annual administrative budget of the Secretariat is relatively small (see page 16).

The price per tonne of contributing oil is dependent on the amount required and the total amount of oil receipts received for the relevant calendar year.

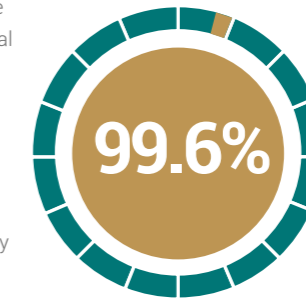
Contributions

The IOPC Funds are financed by contributions levied on any entity that has received in the relevant calendar year more than 150 000 tonnes of contributing oil (mainly crude and/or heavy fuel oil) in ports or terminal installations in a Member State, after carriage by sea. Contributions are paid by the individual contributors directly to the Funds (see Financial Review).

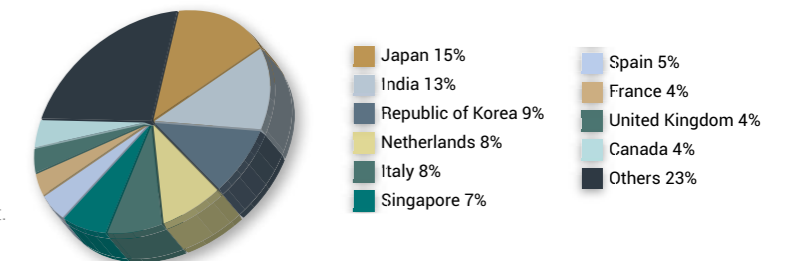
The levy of contributions depends on reports of the amounts of oil received by individual contributors, which the governments of Member States are obliged to submit annually to the Secretariat. These amounts are used as the basis of the levy, calculated to provide monies to administer the Funds and to pay claims approved by the governing bodies. A system of deferred invoicing exists whereby the total amount to be levied in contributions for a given calendar year is fixed, but only a specific lower total amount is invoiced for payment by 1 March. The remaining amount or a part thereof is invoiced later in the year if necessary.

Contributions to the General Funds are calculated on the basis of the quantities of contributing oil received in the preceding calendar year by each contributor. Contributions to Major Claims Funds and Claims Funds are calculated on the basis of the quantities of contributing oil received in the year preceding that in which the incident occurred, if the State was a Member of the relevant IOPC Fund at the time of the incident.

Percentage of contributions levied to the 1992 Fund over the years (£537.2 million) which have been received (as at 31 December 2014)



Contributions to the 1992 Fund by Member State. Figures shown are General Fund contributions for 2014 (based on 2013 oil receipts), the most recent year for which contributions were levied.



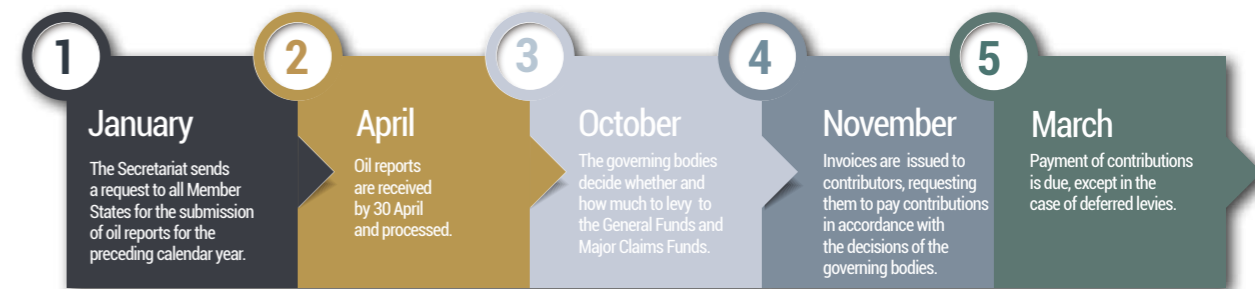
1992 Fund

At the October 2014 meetings of the governing bodies, the 1992 Fund Assembly decided to levy 2014 contributions to the General Fund of £3.8 million, based on oil received in the calendar year 2013 payable by 1 March 2015.

The total quantity of oil received consisted of the amount reported as well as the amount estimated to have been received by contributors whose reports were pending at the time of invoicing. Since the total amount, both reported and estimated, added up to 1 533 549 797 tonnes of oil received, contributions of £0.0024779 per tonne were levied. The ten largest contributing Member States to the 1992 Fund are shown in the pie chart below.

The 1992 Fund Assembly decided not to levy 2014 contributions to the *Hebei Spirit*, *Prestige* or *Volgoneft 139* Major Claims Funds.

Contributing oil received in the calendar year 2013 in the territories of 56 States which were Members of the 1992 Fund on 31 December 2014 is listed overleaf (as reported by 31 December 2014).



Calculation of contributions

Total contribution levied	\div	total of contributing oil received in all Member States	$=$	amount per tonne of oil received
Quantity of oil received by each contributor	\times	the amount per tonne	$=$	amount to be paid by that contributor in Pounds sterling



1992 Fund Member State	Contributing oil received in 2013 (tonnes)	% of Total	1992 Fund Member State	Contributing oil received in 2013 (tonnes)	% of Total
Japan	226 383 140	15.32%	Mexico	5 803 303	0.39%
India	190 499 974	12.89%	Morocco	5 597 908	0.38%
Republic of Korea	125 774 551	8.51%	New Zealand	5 434 762	0.37%
Netherlands	116 251 781	7.87%	Russian Federation	4 424 985	0.30%
Italy	111 116 821	7.52%	Belgium	4 320 568	0.29%
Singapore	100 985 115	6.84%	China (HKSAR)	4 140 500	0.28%
Spain	68 399 049	4.63%	Trinidad and Tobago	4 123 956	0.28%
France	62 554 522	4.23%	Estonia	3 938 146	0.27%
United Kingdom	58 688 722	3.97%	Côte d'Ivoire	3 741 385	0.25%
Canada	51 705 504	3.50%	Ecuador	3 131 756	0.21%
Malaysia	36 716 409	2.49%	Tunisia	2 856 812	0.19%
Australia	28 265 338	1.91%	Ireland	2 764 850	0.19%
Greece	25 294 385	1.71%	Croatia	2 723 038	0.18%
Germany	25 146 701	1.70%	Nigeria	2 652 227	0.18%
Sweden	20 519 003	1.39%	Malta	2 550 412	0.17%
Turkey	18 899 503	1.28%	Angola	2 197 913	0.15%
Argentina	16 457 390	1.11%	Uruguay	2 082 309	0.14%
Iran (Islamic Republic of)	14 973 494	1.01%	Jamaica	1 978 354	0.13%
Bahamas	14 849 470	1.01%	Sri Lanka	1 804 462	0.12%
Norway	14 177 438	0.96%	Cameroon	1 748 429	0.12%
Israel	13 319 963	0.90%	Ghana	1 283 141	0.09%
Finland	12 864 174	0.87%	Papua New Guinea	1 235 233	0.08%
Portugal	12 636 073	0.86%	Mauritius	659 851	0.04%
Lithuania	8 967 151	0.61%	Cyprus	646 153	0.04%
Denmark	7 907 348	0.54%	Tanzania	512 113	0.03%
Panama	7 900 461	0.53%	Algeria	489 525	0.03%
Bulgaria	6 500 461	0.44%	Colombia	274 917	0.02%
Poland	6 331 502	0.43%	Barbados	226 048	0.02%
Total	1 477 428 499	100.00%			

No contributing oil was received during 2013 in the following 37 Member States:

Antigua and Barbuda, Brunei Darussalam, Cambodia, Cape Verde, Congo, Cook Islands, Dominica, Fiji, Gabon, Georgia, Grenada, Hungary, Iceland, Kiribati, Latvia, Liberia, Luxembourg, Madagascar, Maldives, Marshall Islands, Mauritania, Monaco, Mozambique, Namibia, Niue, Palau, Qatar, Saint Vincent and the Grenadines, Samoa, Serbia, Seychelles, Slovenia, Switzerland, Tonga, Tuvalu, United Arab Emirates, Vanuatu.

As at 31 December 2014, oil reports had not been received from the following 20 Member States:

Albania, Bahrain, Benin, Belize, Comoros, Djibouti, Dominican Republic, Guinea, Kenya, Montenegro, Oman, Philippines, Saint Kitts and Nevis, Saint Lucia, Senegal, Sierra Leone, Slovakia, South Africa, Syrian Arab Republic, Venezuela (Bolivarian Republic of).

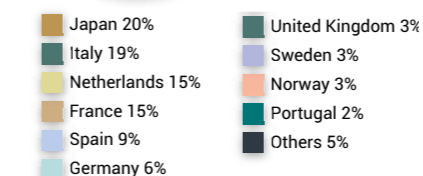
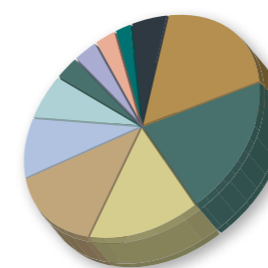
Supplementary Fund

At the October 2014 meetings of the governing bodies, the Supplementary Fund Assembly decided not to levy 2014 contributions, since there had been no incidents involving the Supplementary Fund.

Contributing oil received in the calendar year 2013 in the territories of States which were Members of the Supplementary Fund on 31 December 2014 (as reported by 31 December 2014) is listed below.



Percentage of the only levy of contributions (£1.4 million) to the Supplementary Fund which have been received (as at 31 December 2014)



Supplementary Fund Member State	Contributing oil received in 2013 (tonnes)	% of Total
Japan	226 383 140	22.08%
Republic of Korea	125 774 551	12.27%
Netherlands	116 251 781	11.34%
Italy	111 116 821	10.84%
Spain	68 399 049	6.67%
France	62 554 522	6.10%
United Kingdom	58 688 722	5.72%
Canada	51 705 504	5.04%
Australia	28 265 338	2.76%
Greece	25 294 385	2.47%
Germany	25 146 701	2.45%
Sweden	20 519 003	2.00%
Turkey	18 899 503	1.84%
Norway	14 177 438	1.38%
Finland	12 864 174	1.25%
Portugal	12 636 073	1.23%
Lithuania	8 967 151	0.87%
Denmark	7 907 348	0.77%
Poland	6 331 502	0.62%
Morocco	5 597 908	0.55%
Belgium	4 320 568	0.42%
Estonia	3 938 146	0.38%
Ireland	2 764 850	0.27%
Croatia	2 723 038	0.27%
Barbados	1 000 000	0.10%
Hungary	1 000 000	0.10%
Latvia	1 000 000	0.10%
Slovenia	1 000 000	0.10%
Total	1 025 227 216	100.00%

As at 31 December 2014, oil reports had not been received from Montenegro and Slovakia.

External Relations

The Secretariat of the IOPC Funds undertakes a range of activities aimed at strengthening the IOPC Funds' relationships with Member States and other international, intergovernmental or non-governmental organisations. From time to time, the Secretariat organises or participates in events such as national and regional workshops or gives presentations to enhance understanding of the international regime for oil pollution compensation, to assist with implementation of the Conventions at national level and to assist potential claimants. Meetings between the Secretariat and government authorities within Member States may often prove highly beneficial to both parties. Such visits normally result in the resolution of longstanding issues such as the payment of outstanding contributions and submission of oil reports. The main activities in 2014 are outlined here and shown on the following map, together with other key outreach activities delivered since 2010.



1 Location: Colombo, Sri Lanka
Name of Event: Regional meeting on oil spill preparedness and response
 Presentation given on the international liability and compensation regime at the South Asia Co-operative Environment Programme (SACEP) and IMO-led meeting for the responsible national authorities in the South Asia region.

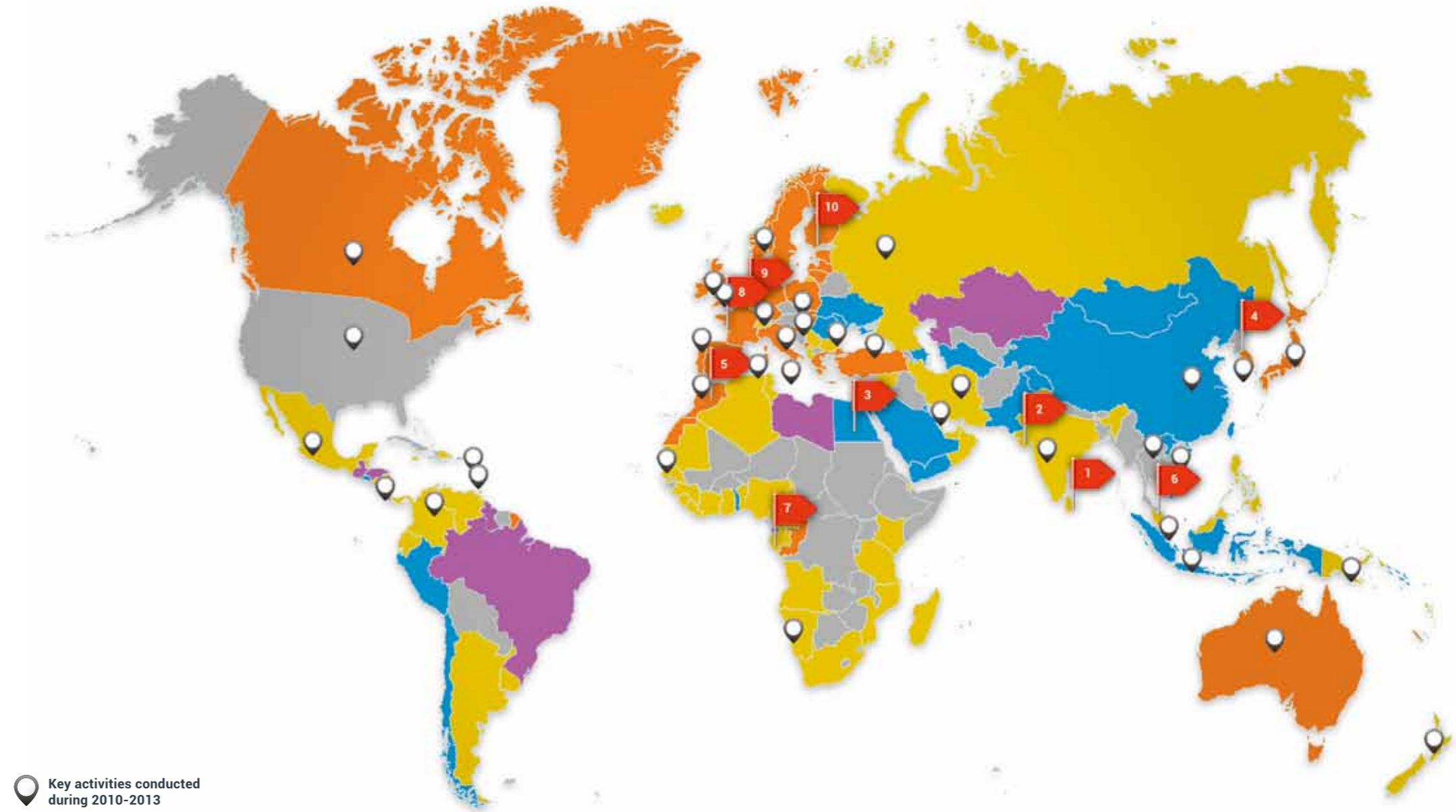
2 Location: Mumbai, India
Name of Event: Workshop on the international liability and compensation regime
 Workshop delivered to a number of stakeholders in India who could potentially be involved in and/or impacted by an oil spill from a tanker.

3 Location: Hurghada, Egypt
Name of Event: Regional workshop on the international liability and compensation regime
 Workshop conducted, at the invitation of PERSGA, at the Center for Emergency Mutual Aid in the Red Sea and Gulf of Aden. It was attended by six of PERSGA's member countries.


4 Location: Seoul, Republic of Korea
Name of Event: Launch of ITOPF film series
 Attendance at the launch of the final film "Response to Marine Oil Spills", jointly organised by ITOPF and KOMOS, the Korean Marine surveyors engaged by the IOPC Funds following the Hebei Spirit incident.

5 Location: Tangiers, Morocco
Name of Event: World Maritime Day Parallel Event
 Participation at this event which focused on "IMO Conventions: effective implementation".

6 Location: Kuala Lumpur, Malaysia
Name of Event: IMO regional seminar
 Presentations given on the international liability and compensation regime, focussing on implementation of the 1992 Conventions and the 2010 HNS Convention.



 Key activities conducted during 2010-2013

 Key activities conducted during 2014

7 Location: Libreville, Gabon
Name of Event: GI WACAF Workshop
 Workshop delivered with ITOPF and Standard Club, as part of the IMO and IPIECA-funded GI-WACAF project. The workshop aimed to facilitate a better understanding and encourage effective implementation of the compensation regime in West and Central African States.

8 Location: Brussels, Belgium
Name of Event: ELD Stakeholder workshop, organised by the European Commission
 Participation at meeting and workshop relating to the ongoing review of the application of the European Environmental Liability Directive (ELD). Presentation given on the IOPC Funds' handling of environmental damage claims.

9 Location: Terschelling, the Netherlands
Name of Event: Visit to the Maritime Institute Willem Barentsz
 Visit to the simulator centre of the Maritime Institute Willem Barentsz (MIWB). Presentation given and opportunity taken to experience of the new oil spill response simulator.

10 Location: Helsinki, Finland
Name of Event: National workshop on the international liability and compensation regime
 Workshop delivered in cooperation with the International Group of P&I Associations and ITOPF, with 40 participants.

External Relations

In-house visits

In addition to the activities overleaf, delegations from a variety of organisations and universities visit the Funds' offices when in London. In 2014, visitors included students from the Erasmus University in Rotterdam, the Netherlands, the universities of Ghent in Belgium, Barcelona in Spain, and from the International Maritime Law Institute (IMLI) in Malta. During these visits, the Secretariat usually delivers presentations and holds question and answer sessions on the international liability and compensation regime.

Regional lunch meetings

The Secretariat organises informal lunch meetings at the IOPC Funds' offices for London-based representatives of Member and non-Member States according to geographical regions. These meetings provide an opportunity for the Secretariat to improve contacts with States and to deal with queries relating to membership, oil reporting and contributions. During 2014, three lunch meetings were held for States in the regions of Asia, the Pacific, Africa and the Middle East. Further events are planned for 2015.

IOPC Funds' Short Course

The fourth annual IOPC Funds' Short Course took place in July 2014. The programme covered all aspects of the work of the IOPC Funds and the international liability and compensation regime in general and

included practical exercises which allowed participants to study a theoretical incident and the subsequent claims submission process. Participants also had the opportunity to visit the IMO Headquarters, the offices of the UK Club and the West of England Club, and had a guided tour of Lloyd's of London. The course is currently supported by IMO, the International Group of P&I Associations, ITOPF, INTERTANKO and ICS. Each year the course is open to a maximum of ten self-funded participants from 1992 Fund Member States, nominated directly by their government.

Activities relating to the 2010 HNS Convention

The Secretariat conducted a number of activities during 2014 as part of the 1992 Fund's work in connection with the setting up of the HNS Fund (see pages 8-9). In particular, it assisted the Italian Government in running a workshop on the 2010 HNS Convention in October in Rome, Italy. It became apparent at that workshop that many States were advancing towards ratification but that both States and the industry required practical support to facilitate implementation. In addition, the workshop demonstrated that there was a need for increased coordination among interested States, internationally and regionally. A presentation on the HNS Convention was also delivered on the occasion of the European LP Gas Markets Conference that took place in London in November. A new edition of the HNS brochure was also published.



Website

The IOPC Funds' website is the hub for all information pertaining to the Organisations and is available in English, French and Spanish. The site is divided into five main sections covering the work and structure of the Organisations, compensation and claims management, incidents, the latest news and upcoming events as well as a section containing the publications produced by the Funds. That section includes an online archive of all Annual Reports issued since 1978. Additionally, the site incorporates various interactive features, such as a map of incidents involving the IOPC Funds, with case studies and information relating to incidents dating back to the establishment of the 1971 Fund, a map displaying the membership of the IOPC Funds, a downloadable sample claim form and statistical information.

In addition, the website provides access to other IOPC Funds' services and websites, including document services, the online reporting system and the HNS Convention website.

Publications

In addition to the Annual Report 2013 and the publication Incidents involving the IOPC Funds 2013, during 2014 the Secretariat also published a new Claims Information Pack, which is primarily aimed at assisting claimants. This pack contains the new 1992 Fund Claims Manual, a new edition of the Guidelines for claimants in the fisheries, mariculture and fish processing sector, Guidelines for claimants in the tourism sector, and an example claim form. Further guidelines for claimants in other sectors are under development and will be added to the pack in the future. In addition, the booklet 'Guidance for Member States' was published which contains measures which Member States might wish to consider in preparation for, or in the event that they suffer, pollution damage as a result of an oil spill. All publications, including the Texts of the Conventions are available to download from the IOPC Funds' website.



Number of publications produced by the Secretariat in 2014

Relations with Non-Member States

Former Member States of the 1971 Fund automatically have observer status with the 1992 Fund. In addition, the 1992 Fund Assembly has granted observer status to a number of States that have never been party to either Fund Convention. States which are invited to send observers to meetings of the Assembly of the 1992 Fund automatically also have observer status with the Supplementary Fund.

Observer States of the 1992 Fund and Supplementary Fund

Bolivia (Plurinational State of)	Indonesia
Brazil	Kuwait
Chile	Lebanon
Democratic People's Republic of Korea	Pakistan
Egypt	Peru
Gambia	Saudi Arabia
Guatemala	Thailand
Guyana	Ukraine
Honduras	United States

Relations with International Organisations

A number of interested intergovernmental and non-governmental organisations also have observer status with the IOPC Funds, enabling them to participate in discussions at meetings of the governing bodies.

Intergovernmental organisations granted observer status

Baltic Marine Environment Protection Commission (Helsinki Commission)
 Central Commission for Navigation on the Rhine (CCNR)
 European Commission
 International Institute for the Unification of Private Law (UNIDROIT)
 International Maritime Organization (IMO)
 Maritime Organisation of West and Central Africa (MOWCA)
 Regional Marine Pollution Emergency Response Centre for the Mediterranean Sea (REMPEC)
 United Nations (UN)
 United Nations Environment Programme (UNEP)

Non-governmental organisations granted observer status

BIMCO
 Comité Maritime International (CMI)
 Conference of Peripheral Maritime Regions (CPMR)
 European Chemical Industry Council (CEFIC)
 International Association of Classification Societies Ltd (IACS)
 International Association of Independent Tanker Owners (INTERTANKO)
 International Chamber of Shipping (ICS)
 International Group of Liquefied Natural Gas Importers (GIIGNL)
 International Group of P&I Associations
 International Salvage Union (ISU)
 International Spill Control Organization (ISCO)
 International Tanker Owners Pollution Federation Ltd (ITOPF)
 International Union of Marine Insurance (IUMI)
 Oil Companies International Marine Forum (OCIMF)
 World LP Gas Association (WLPGA)

The Funds' annual short course is open to participants from Member States and is supported by the International Group of P&I Associations, ITOPF, Intertanko and ICS

Compensation and Claims Management

The principal role of the IOPC Funds is to pay compensation to those who have suffered oil pollution damage in a Member State who cannot obtain full compensation for the pollution damage from the shipowner under the relevant Civil Liability Convention. Claimants may be individuals, partnerships, companies, private organisations or public bodies, including States or local authorities.

Claims settlement

In the great majority of cases, claims are settled out of court. The Director has the authority to settle claims and pay compensation up to predetermined levels. However, for incidents involving larger claims or where a specific claim gives rise to a question of principle which has not previously been decided by the governing bodies, the Director needs approval from the relevant governing body of the Fund in question. The Director is further permitted, in certain circumstances, and within certain limits, to make provisional payment of compensation before a claim is settled if this is necessary to mitigate undue financial hardship to victims of pollution incidents.

Under the Fund Conventions, the Funds are obliged to ensure that all claimants are given equal treatment so if the total amount of the established claims exceeds the total amount of compensation available under the Civil Liability and Fund Conventions, each claimant will receive the same proportion of the loss. When there is a risk that this situation will arise, the Funds may have to restrict compensation payments to a percentage of the losses to ensure that all claimants are given equal treatment. The payment level may increase at a later stage if the uncertainty about the total amount of the established claims is reduced. One important effect of



the establishment of the Supplementary Fund is that, in practically all cases, it should be possible from the outset to pay compensation for pollution damage in Supplementary Fund Member States at 100% of the amount of damage agreed between the Fund and the claimant.

Admissibility of claims for compensation

To be entitled to compensation, the pollution damage must result in an actual and quantifiable economic loss. The claimant must be able to show the amount of their loss or damage by producing accounting records or other appropriate evidence.

An oil pollution incident can generally give rise to claims for five types of pollution damage:

- **Property damage**
- **Costs of clean-up operations at sea and on shore**
- **Economic losses by fishermen or those engaged in mariculture**
- **Economic losses in the tourism sector**
- **Costs for reinstatement of the environment**

Claims are assessed according to criteria established by the Governments of Member States. These criteria, which also apply to claims against the Supplementary Fund, are set out in the 1992 Fund's Claims Manual, which is a practical guide on how to present claims for compensation.

The Funds, normally in co-operation with the shipowner's insurer, usually appoint experts to monitor clean-up operations, to investigate the technical merits of claims and to make independent assessments of the losses

How to submit a claim

Claims should be made in writing (including e-mail) and should be presented clearly and with sufficient information and supporting documentation to enable the amount of the damage to be assessed. Each item of a claim must be substantiated by an invoice or other relevant supporting documentation, such as work sheets, explanatory notes, accounts and photographs. It is the responsibility of claimants to submit sufficient evidence to support their claims. It is important that the documentation is complete and accurate.

To give an indication of the type of information which would be required to substantiate a claim, an example Claim Form is provided for information. However, in the event of a major incident, an incident specific form will be made available to claimants. Additional information may be required for specific types of claim. For this reason, the example claim form includes specific sections for the typical sectors which experience losses as a result of a major incident. The relevant sections of the form would be made available depending on the location of the incident.

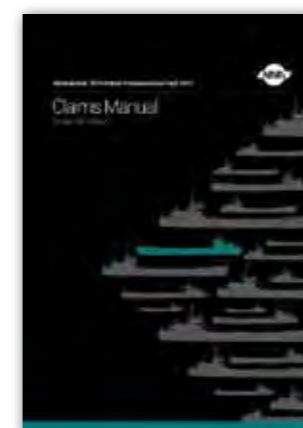
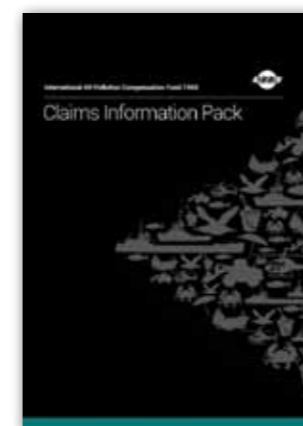
In most incidents claims should be sent to the offices of the shipowner's insurer or to the IOPC Funds directly. Occasionally, when an incident gives rise to a large number of claims, the 1992 Fund and the P&I Club jointly set up a local claims office so that claims may be processed more easily. In such cases, claimants should submit their claims to that local claims office. The address to which claims for a specific incident should be sent would be given in the local press and also provided on the Funds' website.

If claimants suffer damage in a State that is Party to the Supplementary Fund Protocol, their claims will automatically be considered for compensation from the Supplementary Fund, if the amount available from the shipowner/insurer and the 1992 Fund is insufficient to pay full compensation for proven losses.

All claims are referred to the 1992 Fund and the shipowner's P&I Club for decisions on whether or not they qualify for compensation, and, if so, the amounts of compensation due to the claimants. Neither designated local correspondents nor local claims offices have the authority to make these decisions.

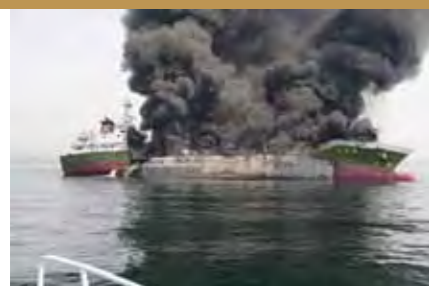
When to submit a claim

Claimants ultimately lose their right to compensation under the 1992 Fund Convention unless they bring court action against the 1992 Fund within three years of the date on which the damage occurred, or make formal notification to the 1992 Fund of a court action against the shipowner or his insurer within the three-year period. Similarly, claimants lose their right to compensation from the shipowner and his insurer under the 1992 Civil Liability Convention unless they bring court action against them within three years from the date when the damage occurred. Although damage may occur some time after an incident takes place, in both cases court action must in any event be brought within six years of the date of the incident.



Incidents Involving the IOPC Funds - Latest developments

Since their establishment in October 1978, the IOPC Funds have been involved in 149 incidents. Details of all 149 incidents, and in many cases a full case study, including latest developments, can be found under the incidents section of the IOPC Funds' website at www.iopcfunds.org. A summary of key developments in a number of cases during 2014 and the position taken by the governing bodies in respect of claims is set out below.



Shoko Maru (Japan, May 2014)

On 29 May 2014, the *Shoko Maru* exploded and sank off the port of Himeji, Japan. The incident resulted, tragically, in the loss of the master's life. The vessel had discharged her cargo the day before the incident and the authorities, shipowner and insurer had promptly taken action which had resulted in a very low pollution impact. Clean-up operations comprised principally of the monitoring of floating oil and preventive measures. As at 31 December 2014, no claims for compensation have been presented to the 1992 Fund. Claims already submitted to the shipowner's insurer in respect of the preventive measures had not exceeded the shipowner's limitation amount. At its October 2014 session, the 1992 Fund Executive Committee noted that it was unlikely that the losses in this incident would exceed the 1992 Civil Liability Convention limitation amount. However, the 1992 Fund will continue to monitor developments in this case in 2015.



MT Pavit (India, July 2011)

In April 2014 the 1992 Fund was informed of this incident which occurred in 2011. The *MT Pavit*, having been abandoned by its crew off the coast of Oman on 29 June 2011, drifted across the Arabian Sea and ran aground north of Mumbai, India, on 31 July 2011. At the time of grounding, the vessel was unladen. In June 2014, three claims were submitted to the 1992 Fund in respect of towage services, oil removal/clean-up operations, salvage/re-floatation operations, provision of helicopter operations/patrols by the coastguard and on-going storage costs for the vessel pending sale. The 1992 Fund was informed that two of the claims, totalling US \$1.8 million, had been filed at Court, within three years of the date of damage. The 1992 Fund Executive Committee will have to decide at a future session whether the vessel created a 'grave and imminent threat' of causing pollution damage, in order to determine if the 1992 Civil Liability and Fund Conventions would apply to this incident.

Incidents involving the 1971 Fund

Prior to its dissolution on 31 December 2014, the 1971 Fund closed the remaining two incidents involving the 1971 Fund, namely the *Iliad* and *Nissos Amorgos* incidents. Details of how the developments in these cases leading ultimately to their closure are set out under pages 36-37.



Nesa R3 (Sultanate of Oman, June 2013)

As at 31 December 2014 four claims for clean-up related activities and survey of the wreck, totalling OMR 4 314 613 had been received. Further claims are expected for the initial survey of the wreck and from businesses in the fisheries sector and related sectors. Two clean-up claims were assessed at OMR 457 524. This amount was offered to the claimant. Since all the attempts made by the Omani authorities to obtain a financial commitment by the shipowner have been unsuccessful, there are strong indications that the shipowner will not meet his obligations under the 1992 CLC to pay compensation in full to persons suffering pollution damage arising out of the incident. As a consequence, although it is unknown whether the total amount of the admissible claims will fall below the limitation amount applicable to the *Nesa R3*, it is anticipated that the 1992 Fund will in any case be liable to pay compensation for this incident in accordance with Article 4.1 (b) of the 1992 Fund Convention. Having been authorised by the 1992 Fund Executive Committee to do so, it is expected that the 1992 Fund will begin to make payments in 2015.

Incidents involving the Supplementary Fund

As at 31 December 2014, there have been no incidents involving, or likely to involve the Supplementary Fund.



Alfa I (Greece, March 2012)

In October 2013, a claim for some €16.1 million was filed by the clean-up contractors in this case against the shipowner and the shipowner's insurer before the Court of First Instance in Piraeus. In February 2014, the 1992 Fund filed an intervention before the Court to defend the 1992 Fund's interests and to challenge the quantum of the losses claimed by the clean-up contractors. In view of the contradiction between the ship's insurance policy and the blue card, the 1992 Fund instructed a barrister to advise on the legal implications under English law of the warranty contained within the *Alfa I*'s insurance policy. The conclusions of the legal advisor were presented to the 1992 Fund Executive Committee at its October 2014 session, which noted in particular that in the advisor's view the insurer would not be able to limit its liability to €2 million.



Prestige (Spain, November 2002)

In November 2013 the Criminal Court in La Coruña found the master, the Chief Engineer of the *Prestige* and the civil servant who had been involved in the decision not to allow the ship into a place of refuge in Spain, not criminally liable for damages to the environment. The master was, however, convicted of disobeying the Spanish authorities during the crisis. The Court also decided that the limitation fund deposited in Court by the London Club, totalling some €22.8 million, was at the Club's disposal for it to decide on its distribution, subject to any appeals, which are expected to be made by a number of parties before the Supreme Court. The proceedings in the Bordeaux Court (France) relating to the 1992 Fund's recourse action against ABS, the classification society that certified the *Prestige*, have been stayed pending a final decision in the criminal proceedings in Spain.



Hebei Spirit (Republic of Korea, December 2007)

Almost 130 000 claims have been registered in this case. The Skuld Club has made payments totalling KRW 185 billion. In January 2013 the Limitation Court rendered a decision regarding the distribution of the *Hebei Spirit* limitation fund, assessing the damages arising out of the *Hebei Spirit* incident at a total of KRW 738 billion and rejecting 50% of the claims. The Court of Seosan has settled through mediation over 36 254 claims, or some 40% of the claims submitted. Some 60% of the claims in the Seosan Court, however, remain pending and it is unlikely that a decision will be made on the remaining claims before summer 2015. In view of the amount awarded by the Limitation Court and of the significant number of objections to the Court's decision, the 1992 Fund Executive Committee decided at its May and October 2014 sessions to maintain the level of payments at 35% of the assessed amount so as to avoid the risk of an overpayment situation, and to review this decision at its next session.

Summary of all incidents involving the IOPC Funds

Ship	Place of incident	Year	Outstanding actions
<i>Erika</i>	France	1999	Claim pending
<i>Prestige</i>	Spain	2002	Claims pending
<i>Solar 1</i>	Philippines	2006	Claims pending
<i>Volgoneft 139</i>	Russian Federation	2007	Claims pending
<i>Hebei Spirit</i>	Republic of Korea	2007	Claims pending
<i>Siniestro en Argentina</i>	Argentina	2007	Claims pending
<i>JS Amazing</i>	Nigeria	2009	Under investigation
<i>Redferm</i>	Nigeria	2009	Under investigation
<i>Haekup Pacific</i>	Republic of Korea	2010	Under investigation
<i>MT Pavit</i>	India	2011	Under investigation
<i>Alfa I</i>	Greece	2012	Claims pending
<i>Nesa R3</i>	Sultanate of Oman	2013	Claims pending
<i>Shoko Maru</i>	Japan	2014	Under review

Governing Bodies

<i>Role of the Governing Bodies</i>	32
<i>Meetings of the Governing Bodies</i>	34
<i>Winding up of the 1971 Fund</i>	36

In this section

In this section, information is provided on the structure, composition and main functions of the governing bodies of the IOPC Funds (pages 32-33).

The governing bodies agree upon dates for their future sessions at each October meeting. Dates are agreed for two meetings per year, in spring and autumn, with the possibility to hold further meetings should the need arise. The 2014 meetings of the governing bodies took place in May and October.

The May 2014 meetings included sessions of the 1992 Fund Administrative Council, acting on behalf of the Assembly, of the 1992 Fund Executive Committee and of the 1971 Fund Administrative Council. The seventh 1992 Fund intersessional Working Group also met for the third time and continued to consider issues relating to the definition of 'ship' under the 1992 Civil Liability Convention.

The October meetings saw sessions of the 1992 Fund Assembly, the Supplementary Fund Assembly a further session of the 1992 Fund Executive Committee, and the final session of the 1971 Fund Administrative Council.

Details of the key discussions and decisions taken at the 2014 meetings of the 1992 Fund and Supplementary Fund governing bodies are summarized on pages 34-35. Details of the discussions and decisions of the 1971 Fund Administrative Council are covered under the section relating to the winding up of the 1971 Fund (see pages 36-39).

Complete Records of Decisions for all meetings may be accessed via the document services section of the IOPC Funds' website (www.iopcfunds.org).



Role of the Governing Bodies

1992 Fund

Assembly

(Administrative Council if no quorum)

Comprising all 1992 Fund Member States

Chairman:
Gaute Sivertsen
(Norway)

First Vice-Chairman:
Tomotaka Fujita (Japan)

Second Vice-Chairman:
Samuel Roger Minkeng
(Cameroon)

Supplementary Fund

Assembly

Comprising all Supplementary Fund Member States

Chairman:
Sung-Bum Kim
(Republic of Korea)

First Vice-Chairman:
Birgit Sølling Olsen (Denmark)

Second Vice-Chairman:
Mustafa Azman (Turkey)

Executive Committee

Comprising 15 elected Member States

Chairman:
Welmoed van der Velde
(Netherlands)

Vice-Chairman:
Ibraheem Olugbade
(Nigeria)

7th Intersessional Working Group

Comprising all 1992 Fund Member States as well as States and organisations with observer status to the 1992 Fund

Chairman:
Birgit Sølling Olsen
(Denmark)



Assemblies

The 1992 Fund and Supplementary Fund each have an Assembly composed of all Contracting States to the 1992 Fund Convention and Supplementary Fund Protocol, respectively. The Assembly must hold one regular session each year, normally in October, when it elects a Chairman and two Vice-Chairmen to hold office until its next regular session. Extraordinary sessions may be held as and when required.

The Assembly is the supreme organ of the relevant Fund and, *inter alia*, decides on the annual budget and contributions to the Organisation, approves Financial Statements, appoints the External Auditor, adopts the Internal and Financial Regulations, determines which entities have observer status with the Organisation, and generally performs such tasks as are necessary for its proper functioning. Attendance of a simple majority of Member States constitutes a quorum for the Assembly.

Administrative Council

For the 1992 Fund Assembly, in cases where a quorum is not achieved, an Administrative Council is convened to act on behalf of the Assembly. The quorum requirement for the Administrative Council is 25 Member States. Due to the growth of the membership of the 1992 Fund and the lack of attendance of many Member States, the 1992 Fund Administrative Council has had to act on behalf of the Assembly in a number of instances in recent years.

With 31 Member States, achieving a quorum has not been an issue for the Supplementary Fund Assembly and it has therefore not been necessary so far to establish an Administrative Council for that Fund.

Executive Committees

Each Assembly has the right to establish any temporary or permanent subsidiary body it may consider to be necessary, to define its terms of reference and to give it the authority needed to perform the functions entrusted to it. One such subsidiary body is the 1992 Fund Executive Committee. Its main function is to take policy decisions concerning the admissibility of claims for compensation for oil pollution damage relating to incidents involving the 1992 Fund. It holds its meetings as and when required, but in practice twice a year, during the week of the regular annual session of the Assemblies in October and in the spring.

At each regular session, the 1992 Fund Assembly elects 15 States as members of

the Executive Committee, to hold office until the end of the next regular session of the Assembly. When electing the Committee members, the Assembly must first elect seven from among the eleven Member States in the territories of which the largest quantities of oil were received during the preceding calendar year. The remaining eight members are elected from the other Member States, taking into account an equitable geographical distribution and the extent to which a particular State has fulfilled its obligation to submit reports on receipts of contributing oil. No State may serve on the Executive Committee for more than two consecutive terms.

1992 Fund Executive Committee Members (from October 2013 to October 2014)

Angola	Malaysia
Australia	Netherlands
Finland	Nigeria
Grenada	Poland
Italy	Republic of Korea
Japan	Singapore
Liberia	Tunisia
	United Kingdom

Current 1992 Fund Executive Committee Members (from October 2014 until October 2015)

Algeria	Marshall Islands
Bahamas	Mexico
Cameroon	Netherlands
Canada	Nigeria
India	Republic of Korea
Italy	Spain
Malaysia	Sweden
	Turkey

Working Groups

Other such subsidiary bodies are the various intersessional Working Groups which have been set up over the years to consider specific areas of interest to the 1992 Fund, and previously the 1971 Fund. The 1992 Fund seventh intersessional Working Group was set up by the Assembly in October 2011 to consider issues relating to the definition of 'ship' under Article I.1 of the 1992 Civil Liability Convention. It held its third meeting in May 2014 and is expected to meet for the fourth and final time in spring 2015.

Meetings of the governing bodies in 2014

Sessions in 2014

1992 Fund Assembly

-1992 Fund Administrative Council (acting on behalf of the Assembly) (12th session)

-1992 Fund Assembly (19th session)

Supplementary Fund Assembly (10th session)

1992 Fund Executive Committee (61st, 62nd and 63rd sessions)

1992 Fund seventh intersessional Working Group (3rd meeting)

1971 Fund Administrative Council (32nd and 33rd session)

The IOPC Funds' governing bodies met from 6-9 May and 20-24 October 2014 at the headquarters of the International Maritime Organization (IMO) in London. All documents including full Records of Decisions for the 2014 meetings of the governing bodies are available on the document services section of the Funds' website (www.iopcfunds.org). A summary of the main issues discussed and decisions taken by the 1992 Fund and Supplementary Fund governing bodies is set out below. Details of the final two sessions of the 1971 Fund Administrative Council are, however, included under the section relating to the winding up of the 1971 Fund (pages 36-39).

1992 Fund Assembly

The 1992 Fund Administrative Council, acting on behalf of the Assembly, considered a number of items during its May 2014 session, including draft guidelines for presenting claims for clean up and preventive measures; the relocation of the IOPC Funds' offices and the option, which was taken up, to enter into a new lease with the current landlord; a number of improvements to the IOPC Funds' website; and the latest developments in the 1992 Fund's preparations for the entry into force of the HNS Convention.

At its October 2014 session, the 1992 Fund Assembly elected a new joint Audit Body until October 2017 (see page 17). The Assembly expressed its gratitude to the outgoing members: Mr Emile Di Sanza (Canada), who had chaired the Audit Body during the past three years, as well as to Mr Thomas Kaevegaard (Sweden) and Professor Seiichi Ochiai (Japan) for their valuable contribution to the work of the organisations during their time on the Audit Body.

A joint administrative budget for the 1992 Fund of £4 604 140 was adopted for 2015 and the 1992 Fund Assembly decided to maintain the working capital of the Fund at £22 million. All decisions relating to the levying and reimbursement of contributions are set out on pages 19-21.

The Chairman of the 1992 Fund seventh intersessional Working Group relating to the definition of 'ship' presented the report of the Working Group's third meeting. Following the presentation of that report, the Assembly revised the Group's Terms of Reference to enable it to continue its work and hold a further meeting in spring 2015.

The Assembly also noted the formal process recently established by the Secretariat for the selection and appointment of claims experts, which includes minimum requirements in terms of qualifications, experience and membership of professional bodies. It also considered a standard set of engagement terms for experts that incorporates a 'Code of Conduct' which all experts are required to sign up to in order to provide assurance of their independence and objectivity.

The issue of whether Value Added Tax (VAT) should be excluded from compensation where claims are made by central governments was discussed. The 1992 Fund Assembly considered the legal analyses in respect of 23 Member States provided by the Director. In light of the analyses, the Director suggested that the Assembly consider applying the modified 'Foster test'. Following a lengthy debate, the Assembly considered that obtaining a common approach may be difficult and that further time was required to discuss this issue.

The Assembly considered a number of proposals by the joint Audit Body in relation to the non-fulfilment of obligations under the 1992 Fund Convention, such as non-submission of oil reports and non-payment of contributions. The Assembly instructed the Director to implement a number of measures to ensure such obligations are met and directed the Audit Body to monitor the effectiveness of new measures once implemented.

The criteria for the appointment of future External Auditors was considered. In this regard, the 1992 Fund Assembly appointed the Comptroller and Auditor-General of the United Kingdom (National Audit Office) to serve as External Auditor of the IOPC Funds for an additional year, ie to audit the Financial Statements for the year 2015 and present the Report on the Financial Statements to the governing bodies in October 2016.

The International Group of P&I Associations expressed its concerns in respect of the funding of interim payments. The Director confirmed that he would provide a document in spring 2015 where he intended to examine the changes required to the 1992 Fund Regulations to ensure the Fund can make interim payments in future cases.

The latest developments in the course of 2014 regarding preparations for the entry into force of the 2010 HNS Convention were also presented to the 1992 Fund Assembly.

Supplementary Fund Assembly (10th session)

The Supplementary Fund Assembly participated in the debates and took note of decisions taken by the 1992 Fund Assembly in respect of a number of items also relevant to the Supplementary Fund; in particular, the proposals by the joint Audit Body in relation to the non-fulfilment by Member States of obligations under the Conventions with regards to the non-submission of oil reports and non-payment of

contributions, as well as the criteria for the appointment of future External Auditors. It approved the financial statements of the Supplementary Fund for 2013 and adopted an administrative budget for 2015 of £46 500. It also decided to maintain the working capital of the Supplementary Fund at £1 million and that no levies of 2014 contributions were required and agreed to pay a flat management fee of £33 000 to the 1992 Fund for the financial year 2015.

1992 Fund Executive Committee

Incidents involving the IOPC Funds

The Executive Committee was informed of all key developments during the course of the year in respect of the 14 incidents involving the 1992 Fund during 2014. Detailed presentations were given on a number of incidents and discussions took place on key points. In particular the Executive Committee was informed of two new incidents involving the 1992 Fund, namely the *MT Pavit* incident (India, 2011) and the *Shoko Maru* (Japan, 2014). In respect of the *Hebei Spirit* incident (Republic of Korea, 2007), the 1992 Fund Executive Committee decided to maintain the level of payments at 35% of the assessed amount so as to avoid the risk of an overpayment situation, and to review this decision at its next session. Further details regarding incident developments during 2014 are set out in pages 28-29).

1992 Fund seventh intersessional Working Group (third meeting)

The 1992 Fund seventh intersessional Working Group held its third meeting on 8 May 2014 under the chairmanship of Mrs Birgit Sølling Olsen (Denmark). The Working Group considered a number of proposals, including possible criteria to be applied by Member States when considering an issue involving the definition of 'ship' under Article I.1 of the 1992 Civil Liability Convention. The Working Group concluded that whilst there were merits in all the proposals put forward, at this stage there was insufficient supporting data for the Group to reach any firm agreement on the matter. It was suggested that further information and time to consider the proposals in detail and to study the possible consequences of the proposals made was required. The Chairman agreed to submit the report of the third meeting of the Working Group to the 1992 Fund Assembly in the usual way and to request that the Group meet for a fourth and final time in spring 2015. The Chairman agreed to submit the report of the third meeting of the Working Group to the 1992 Fund Assembly in the usual way and to request that the Group meet for a fourth and final time in spring 2015.



Mr Gaute Sivertsen
(Norway) Chairman

1992 Fund Assembly



Mr Sung-bum Kim
(Republic of Korea) Chairman

Supplementary Fund Assembly



Mrs Welmoed Van der Welde
(Netherlands), Chairman

1992 Fund Executive Committee



Mrs Birgit Sølling Olsen
(Denmark), Chairman

1992 Fund 7th intersessional
Working Group

Winding up of the 1971 Fund

The 1971 Fund Convention ceased to be in force on 24 May 2002 and did not apply to incidents occurring after that date. However, before the 1971 Fund could be wound up all pending claims had to be settled and any remaining assets distributed in an equitable manner between contributors. Progress towards the winding up of the 1971 Fund had gained significant momentum in recent years but by 2013 there still remained five outstanding incidents to resolve. Despite the 1971 Fund having no liability to pay for these incidents, it was nevertheless involved in litigation which was expected to last many years. Levying of contributions for such old incidents would have been inevitably difficult and as such the 1971 Fund found itself in a very challenging situation.

To facilitate further progress on the winding up of the 1971 Fund, the 1971 Fund Administrative Council decided to establish a consultation group to work intersessionally and develop a list of all the tasks necessary to wind up the Fund. The Consultation Group consisted of the Chairmen of the 1971 Fund Administrative Council and the 1992 Fund Assembly, representatives from the delegations of Italy, Japan, Mexico and Morocco and Mr Alfred Popp QC of the Canadian delegation and former Chairman of the IMO Legal Committee. With Mr Popp as its Chairman, the Consultation Group submitted a number of proposals to the 1971 Fund Administrative Council, including the recommendation that the Fund should be wound up within the £5 million it had available at the time and that a timetable should be adopted in order to accelerate the winding up. In October 2013 the Administrative Council took the important decision of instructing the Director to provide a plan of action with the aim of taking a final decision on the dissolution of the Fund at its October 2014 session.

The plan presented by the Director at the May 2014 session of the 1971 Fund Administrative Council covered outstanding incidents as well as the financial and administrative tasks required ahead of any possible dissolution. At that session, the Administrative Council decided to confirm its intention to dissolve the 1971 Fund at its October 2014 session and adopted the Resolution No17 on the Preparation for the Dissolution of the International Oil Pollution Compensation Fund (1971 Fund).



Closure of outstanding incidents

Nissos Amorgos

(Bolivarian Republic of Venezuela, February 1997)

In March 2014 the Gard Club lodged two claims against the 1971 Fund, one in the Bolivarian Republic of Venezuela and the other in the High Court (Commercial Court) in London, claiming that the 1971 Fund should, in respect of the *Nissos Amorgos* incident, be liable to pay any amounts that the Gard Club is obliged to pay in excess of the shipowner's limitation amount under the 1969 Civil Liability Convention. The Gard Club sought to freeze the remaining assets of the 1971 Fund in order to prevent the Fund from removing from England any of its assets up to the sum of US\$ 58.2 million until the claim was determined.

At its May 2014 session, the 1971 Fund Administrative Council decided that the 1971 Fund should contest vigorously the action brought by the Gard Club before the High Court since the 1971 Fund had immunity and because the claim was unfounded and had no legal basis. It also decided that the Director should not attend the Maritime Court in Caracas to answer the Gard Club's action. The Council instructed the Director to approach the Gard Club to try to reach an amicable settlement by the October 2014 session of the Administrative Council within the limit of the amount presently available to the 1971 Fund, but stated that the Director should not, under any circumstances, take any action that would result in the 1971 Fund waiving its right to immunity from jurisdiction before the UK courts.

In a judgement handed down on 7 May 2014, the High Court in London decided that the Gard Club was entitled to a freezing order over the assets of the 1971 Fund in support of its claim in England. However, the Court also decided that it was not entitled to a freezing order in support of the proceedings brought by Gard Club in the Bolivarian Republic of Venezuela.

The 1971 Fund Administrative Council instructed the Director to appeal the decision to grant a freezing order and to contact the UK Foreign and Commonwealth Office to discuss the implications, on the 1992 Fund and the Supplementary Fund, of the judgement in which a discrepancy between the IOPC Fund (Immunities and Privileges) Order 1979 and the Headquarters Agreement between the UK Government and the 1971 Fund allowed the freezing order against the 1971 Fund to be granted.

On 17 October 2014 in a judgement handed down by the High Court in London, Mr Justice Hamblen found in favour of the 1971 Fund. The Judge ruled that the 1971 Fund had no contract with Gard, under which it was required to reimburse Gard in respect of the compensation claimed by the Bolivarian Republic of Venezuela above the shipowners' limitation amount. The Judge also concluded that the 1971 Fund had immunity from the jurisdiction of the English Courts, in respect of the claim brought against it by Gard in London over the *Nissos Amorgos* incident. On Tuesday 21 October 2014, at the High Court in London, Mr Justice Hamblen denied Gard leave to appeal the judgement of 17 October 2014. He also awarded costs against Gard, with the P&I Club to make an immediate payment of £400 000 to the 1971 Fund. Following the finalisation of this case, the *Nissos Amorgos* incident was considered closed in respect of the 1971 Fund.

The *Vistabella* (France, 1991) and *Aegean Sea* (Spain, 1992) incidents were resolved before the end of 2013, as detailed under the Incidents section of the website (www.iopcfunds.org).

Iliad

(Greece, October 1993)

All claims were time-barred against the 1971 Fund except for a claim from the shipowner and his insurer (the North of England P&I Club) in respect of reimbursement for any compensation payments in excess of the shipowner's limitation amount and for indemnification under Article 5.1 of the 1971 Fund Convention. Following the instructions given by the 1971 Fund Administrative Council in October 2013, the Director approached the North of England P&I Club in March 2014 to discuss a possible out-of-court settlement. Further discussions took place in August 2014, where the Club stated that, since in their view the total amount awarded by the Courts might well reach the shipowner's limit under the 1969 CLC, the Club would not consider a settlement figure below €1 million, which would be the indemnification amount owed by the 1971 Fund to the shipowner under Article 5.1 of the 1971 Fund Convention.

In light of the decision adopted by the 1971 Fund Administrative Council to wind up the 1971 Fund in 2014, the Council, at its October 2014 session, authorised the Director to reach a global settlement with the North of England P&I Club for €1 million. Acting on this authorisation by the Council, the Director settled this incident with the North of England for €1 million in November 2014 and the case was closed.

Plate Princess

(Venezuela, 1997)

The *Plate Princess* reportedly spilled some 3.2 tonnes of crude oil whilst loading cargo at an oil terminal in Puerto Miranda (Venezuela). The 1971 Fund was notified of the incident in 2005 and again in 2007, when it was too late for the Fund to examine the alleged damages. However, in 2010, in a judgement rendered by the Supreme Court in Caracas, the 1971 Fund was ordered to pay compensation in connection with the incident. Having considered all the information available, the 1971 Fund Administrative Council decided that due process of law had not been followed and that the judgement had been obtained through fraud. Taking this into account the Administrative Council instructed the Director not to pay compensation and closed the case in respect of the 1971 Fund.

107

Total number of incidents in which the 1971 Fund was involved over 36 years

Winding up of the 1971 Fund

Outstanding oil reports, contributions and finances

During 2013 and 2014 the Secretariat increased its efforts and managed to acquire all outstanding oil reports and contributions relating to the 1971 Fund, except for contributions totalling £43 000 relating to two companies in Russian Federation, which had to be written off. As at 31 December 2013 the 1971 Fund had a balance of £4.7 million. However, following the litigation in 2014 and global settlement in respect of the *Iljad* incident, this figure was reduced to some £2.4 million by later that year.

I would like to thank Member States for their support and pragmatic approach to help resolve the outstanding issues since the Convention ceased to be in force and particularly in the last few years when some difficult decisions have had to be taken.



Captain David Bruce
(Marshall Islands), Chairman
1971 Fund Administrative Council

Final dissolution of the 1971 Fund

At the October 2014 session, the Council approved and adopted a resolution that the 1971 Fund be dissolved and its legal personality cease to exist with effect from 31 December 2014. That decision was taken after a lengthy debate. Strong opposition from shipping industry representatives was expressed, a number of Member States requested a delay to the winding up and many discussions took place among delegations but no consensus could be reached. The decision was finally taken by vote, in which 29 former Member States voted in favour and 14 against.

As a result of that decision the Secretariat reimbursed contributors the remaining £2.4 million, maintaining £29 000 for unforeseen expenditure during the final weeks of the Fund's existence. In accordance with Resolution 18, that £29 000 was finally divided equally between the World Maritime University (Sweden), the International Maritime Law Institute (Malta) and the International Maritime Safety, Security and Environment Agency (Italy) and the 1971 Fund was dissolved with effect 31 December 2014. The Secretariat organised the final audit of the Fund's accounts and in April 2015, the Secretary-General of IMO, in his capacity as depositary of the 1971 Fund Convention, will convene a meeting of all former Member States of the 1971 Fund to approve the Financial Statements for 2014.

1971
1971 Fund Convention adopted.

1978
1971 Fund Convention entered into force.

1978
1971 Fund established in London with 15 Member States.

1978-2002
1971 Fund involved in excess of 100 incidents and paid compensation in respect of 84 incidents.

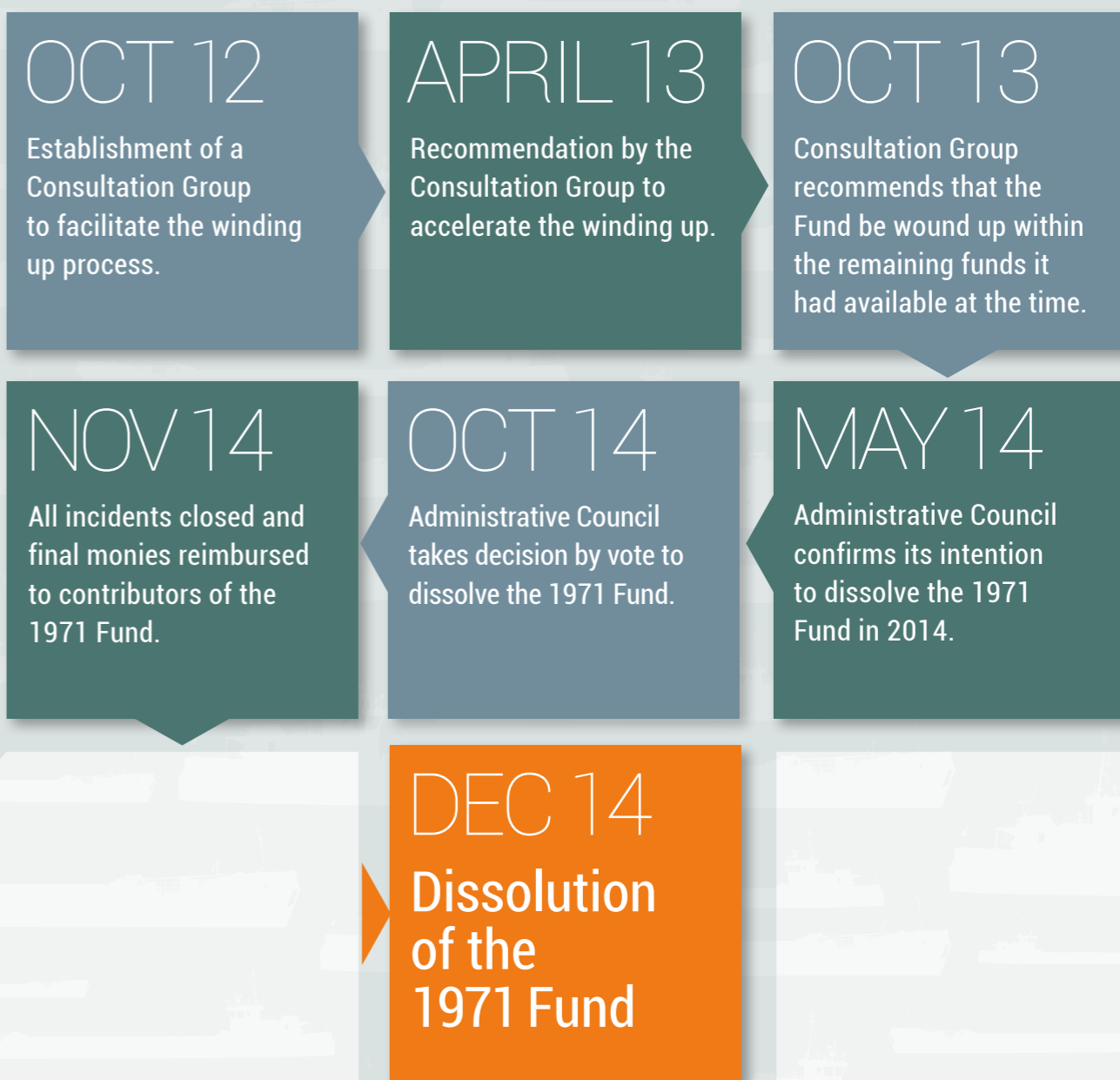
1993
1971 Fund has 57 Member States (growing to 77 at its peak).

1996
1992 Fund Convention entered into force with 9 Member States and limit of 135 million SDR.

1998
1971 Fund Assembly adopts Resolution N°13 to prepare for the winding up of the 1971 Fund.

2002
1971 Fund Convention ceases to be in force after the number of Member States fell below 25.

Key dates in the winding up of the 1971 Fund



Financial Review

<i>Certificate</i>	42
<i>Extracts from 2013 Financial Statements</i>	43
<i>Key Financial Figures for 2014</i>	49

In this section

As in previous years, the Financial Statements of the 1992 Fund, the Supplementary Fund, and 1971 Fund were audited by the External Auditor of the IOPC Funds, the Comptroller and Auditor General of the United Kingdom.

The Financial Statements for 2013 were prepared in compliance with the International Public Sector Accounting Standards (IPSAS) and in accordance with the Financial Regulations of the respective Funds, where appropriate. The Key Financial Figures for 2014 (unaudited) which are provided in this section have also been arrived at in conformity with the requirements of IPSAS.

The Financial Statements of the IOPC Funds for the period 1 January to 31 December 2013 were approved by the respective governing bodies during their sessions in October 2014. The full set of audited Financial Statements can be found on the IOPC Funds' website (www.iopcfunds.org), along with the External Auditor's opinions on each statement, and the Auditor's Reports on the Financial Statements of the 1992 Fund and the 1971 Fund.

Audited extracts from the notes to Financial Statements of the financial position and financial performance by segment on the basis of the General Fund and Major Claims Funds for the financial year 2013 (pages 43-48) and key financial highlights for 2014 (unaudited, pages 49-51) are presented in this Financial Review.

Detailed Financial Statements are available on the Structure page of the IOPC Funds website: www.iopcfunds.org

Certificate

Financial Statements for 2013

The extracts of the '2013 Financial Statements' reproduced here are the summary of the 1992 Fund Statement of Financial Position, the 1992 Fund Statement of Financial Performance, the Supplementary Fund Statement of Financial Position, the Supplementary Fund Statement of Financial Performance, the 1971 Fund Statement of Financial Position and the 1971 Fund Statement of Financial Performance. The full set of the IOPC Funds' 2013 Financial Statements can be obtained from the Funds' website at www.iopc-funds.org, or by contacting the Secretariat.

Key Financial Figures for 2014

As in previous Annual Reports, revenue and expenditure figures are given for 2014 in respect of each Fund. Audited results for 2014 will be included in the 2015 Annual Report.

External Auditor's Statement on the extracts from the 2013 Financial Statements

The extracts from the 1992 Fund Statement of Financial Position, the 1992 Fund Statement of Financial Performance, the Supplementary Fund Statement of Financial Position, the Supplementary Fund Statement of Financial Performance, the 1971 Fund Statement of Financial Position and the 1971 Fund Statement of Financial Performance as contained on pages 43 to 48, on which unqualified opinions and Reports have been issued, are consistent with the audited Financial Statements for the year ended 31 December 2013 approved by the 1992 Fund Assembly (19th session), Supplementary Fund Assembly (10th session) and 1971 Fund Administrative Council (33rd session) respectively.

Mr Damian Brewitt, Director
National Audit Office, United Kingdom
March 2015

Extracts from 2013 Financial Statements

1992 Fund Statement of Financial Position by segment

As at 31 December 2013

	2013 General Fund	2013 Erika MCF	2013 Prestige MCF	2013 Hebei Spirit MCF	2013 Volgoneft 139 MCF	2013 TOTAL	2012 TOTAL
	£	£	£	£	£	£	£
ASSETS							
Current assets							
Cash and cash equivalents	24 323 252	26 681 140	23 812 967	116 173 916	4 408 595	195 399 870	197 006 146
Contributions receivable	226 669	-	21 232	1 412 712	-	1 660 613	1 873 109
Due from HNS Fund	272 373	-	-	-	-	272 373	247 991
Other receivables	332 786	29 087	23 598	733 773	36 325	1 155 569	709 892
Total current assets	25 155 080	26 710 227	23 857 797	118 320 401	4 444 920	198 488 425	199 837 138
Non-current assets	158 677	-	-	-	-	158 677	48 844
TOTAL ASSETS	25 313 757	26 710 227	23 857 797	118 320 401	4 444 920	198 647 102	199 885 982
Loan from General Fund to the Volgoneft 139 MCF	4 617 417	-	-	-	-	-	-
LIABILITIES							
Current liabilities							
Payables and accruals	143 686	26 238	45 216	748 461	-	963 601	805 233
Provision for reimbursement of contributions	-	26 193 172	-	-	-	26 193 172	-
Provision for compensation	-	118	74 804	2 627 024	4 795 342	7 497 288	92 540
Provision for employee benefits (short term)	155 263	-	-	-	-	155 263	159 031
Prepaid contributions	68 443	-	35 766	-	124 952	229 161	456 642
Contributors' account	786 522	-	-	-	-	786 522	1 048 451
Total current liabilities	1 153 914	26 219 528	155 786	3 375 485	4 920 294	35 825 007	2 561 897
Non-current liabilities							
Staff Provident Fund	3 977 017	-	-	-	-	3 977 017	3 543 743
Provision for employee benefits (long term)	364 052	-	-	-	-	364 052	337 972
Total non-current liabilities	4 341 069	-	-	-	-	4 341 069	3 881 715
TOTAL LIABILITIES	5 494 983	26 219 528	155 786	3 375 485	4 920 294	40 166 076	6 443 612
Loan from General Fund to the Volgoneft 139 MCF	-	-	-	-	-	4 617 417	-
NET ASSETS	24 436 191	490 699	23 702 011	114 944 916	(5 092 791)	158 481 026	193 442 370
FUNDS' BALANCES							
Balance b/f: 1 January	24 833 030	26 170 432	24 546 928	117 891 980	-	193 442 370	151 939 347
(Deficit)/Surplus for the year	(396 839)	(25 679 733)	(844 917)	(2 947 064)	(5 092 791)	(34 961 344)	41 503 023
GENERAL FUND AND MAJOR CLAIMS FUNDS (MCFs)							
BALANCES	24 436 191	490 699	23 702 011	114 944 916	(5 092 791)	158 481 026	193 442 370

1992 Fund Statement of Financial Performance by segment

General and Major Claims Funds

For the financial period 1 January – 31 December 2013

	2013 General Fund	2013 Erika MCF	2013 Prestige MCF	2013 Hebei Spirit MCF	2013 Volgoneft 139 MCF	2013 TOTAL	2012 TOTAL
	£	£	£	£	£	£	£
REVENUE							
Contributions	4 863 424	-	45 587	71 654	-	4 980 665	42 586 505
Contributions-in-kind	381 200	-	-	-	-	381 200	381 200
Interest on investments	122 169	175 445	55 510	1 692 032	128 888	2 174 044	2 974 019
Other revenue	316 504	4 190	6 513	50 955	-	378 162	3 519 437
Total revenue	5 683 297	179 635	107 610	1 814 641	128 888	7 914 071	49 461 161
EXPENSES							
Compensation claims	1 527 250	(9 000)	45 193	2 627 024	4 795 342	8 985 809	(11 168)
Claims-related expenses	219 837	100 817	1 337 528	1 701 278	19 067	3 378 527	4 345 109
Finance cost from hedging instrument	-	-	-	8 877	-	8 877	101 136
Personnel costs and other administrative costs	4 157 355	-	-	-	-	4 157 355	4 265 368
Currency exchange differences	75 352	(425 621)	(456 064)	352 322	407 270	(46 741)	(814 454)
Increase in allowance for contributions and interest on overdue contributions	100 342	-	25 870	72 204	-	198 416	72 147
Provision for reimbursement of contributions-		26 193 172	-	-	-	26 193 172	-
Total expenses	6 080 136	25 859 368	952 527	4 761 705	5 221 679	42 875 415	7 958 138
(DEFICIT)/SURPLUS FOR THE YEAR	(396 839)	(25 679 733)	(844 917)	(2 947 064)	(5 092 791)	(34 961 344)	41 503 023

Supplementary Fund Statement of Financial Position

As at 31 December 2013

	2013	2012
	£	£
ASSETS		
Current assets		
Cash and cash equivalents	970 857	998 627
Other receivables	608	915
Total current assets	971 465	999 542
TOTAL ASSETS	971 465	999 542
NET ASSETS	971 465	999 542
FUND BALANCE		
Balance b/f: 1 January	999 542	1 049 951
(Deficit)	(28 077)	(50 409)
GENERAL FUND BALANCE	971 465	999 542

Supplementary Fund Statement of Financial Performance

For the financial period 1 January – 31 December 2013

	2013	2012
	£	£
REVENUE		
Interest on investments	8 523	12 691
Total revenue	8 523	12 691
EXPENSES		
Administrative costs	36 600	63 100
Total expenses	36 600	63 100
(DEFICIT) FOR THE YEAR	(28 077)	(50 409)

1971 Fund Statement of Financial Position by segment

As at 31 December 2013

	2013 General Fund	2013 Nissos Amorgos MCF	2013 Vistabella MCF	2013 TOTAL	2012 TOTAL
	£	£	£	£	£
ASSETS					
Current assets					
Cash and cash equivalents	2 771 329	2 177 583	(36 174)	4 912 738	5 475 194
Contributions receivable	-	-	-	-	-
Other receivables	2 075	1 497	-	3 572	10 382
Total current assets	2 773 404	2 179 080	(36 174)	4 916 310	5 485 576
TOTAL ASSETS	2 773 404	2 179 080	(36 174)	4 916 310	5 485 576
LIABILITIES					
Current liabilities					
Payables and accruals	65 769	-	1 635	67 404	15 649
Contributors' account	175 545	-	-	175 545	371 193
Total current liabilities	241 314	-	1 635	242 949	386 842
TOTAL LIABILITIES	241 314	-	1 635	242 949	386 842
NET ASSETS	2 532 090	2 179 080	(37 809)	4 673 361	5 098 734
FUNDS' BALANCES					
Balance b/f: 1 January	2 892 797	2 206 050	(113)	5 098 734	5 490 080
(Deficit)/surplus for the year	(360 707)	(26 970)	(37 696)	(425 373)	(391 346)
GENERAL FUND AND MAJOR CLAIMS FUNDS (MCFs) BALANCES	2 532 090	2 179 080	(37 809)	4 673 361	5 098 734

The 1971 Fund 2013 Financial Statements were not prepared on a going concern basis and the External Auditor gave an emphasis of matter to that effect.

1971 Fund Statement of Financial Performance by segment

General and Major Claims Funds

For the financial period 1 January – 31 December 2013

	2013 General Fund	2013 Nissos Amorgos MCF	2013 Vistabella MCF	2013 TOTAL	2012 TOTAL
REVENUE	£	£	£	£	£
Interest on investments	14 000	10 701	-	24 701	56 998
Other revenue	1 082	68	16	1 166	18 303
Total revenue	15 082	10 769	16	25 867	75 301
EXPENSES					
Claims-related expenses	92 507	37 671	37 696	167 874	176 049
Administrative costs	282 290			282 290	282 826
Increase in allowance for contributions and interest on overdue contributions	992	68	16	1 076	7 772
Total expenses	375 789	37 739	37 712	451 240	466 647
(DEFICIT)/SURPLUS FOR THE YEAR	(360 707)	(26 970)	(37 696)	(425 373)	(391 346)

Financial Figures for 2014

1992 Fund Key Financial Figures for 2014 (unaudited)

Revenue and Expenditure figures rounded and subject to audit by the External Auditor (Prepared under IPSAS – accrual based accounting)

REVENUE £	2014
Contributions due in 2014:	
General Fund	3 300 000
Prestige Major Claims Fund	2 500 000
Volgoneft 139 Major Claims Fund	7 500 000
Other Revenue:	
Interest on investments	2 124 000
Management fee payable by 1971 Fund	480 000
Management fee payable by Supplementary Fund	32 000
Total Revenue	15 936 000

ADMINISTRATIVE COSTS (£)	2014
Joint Secretariat	
Budget (excluding External Auditor's fees for respective IOPC Funds)	4 165 960
Expenditure (excluding External Auditor's fees for respective IOPC Funds)	3 803 000
External Auditor's fees in respect of 1992 Fund	48 500

CLAIMS EXPENDITURE (£)	2014	2014	2014
Incident	Compensation	Claims-related expenditure	Total
<i>Erika</i>	-	3 900	3 900
<i>Prestige</i> (including interim reimbursement of £8 820 from the P&I Club for joint costs)	38 300	287 000	325 300
<i>Volgoneft 139</i>	-	37 100	37 100
<i>Hebei Spirit</i> (including interim reimbursement of £781 300 from the P&I Club for joint costs)	-	2 557 000	2 557 000
<i>Nesa R3</i>	761 300	24 200	785 500
Other incidents	-	127 100	127 100
Total Claims Expenditure	799 600	3 036 300	3 835 900

Supplementary Fund Key Financial Figures for 2014 (unaudited)

Revenue and Expenditure figures rounded and subject to audit by the External Auditor (Prepared under IPSAS – accrual based accounting)

REVENUE (£)	2014
Contributions due in 2014	-
Other revenue:	
Interest on investments	7 000
Total revenue	7 000
EXPENDITURE (£)	2014
Administrative costs:	
Management fee payable to 1992 Fund	32 000
External Auditor's fees	3 600

1971 Fund Key Financial Figures for 2014 (unaudited)

At its October 2014 session the 1971 Fund Administrative Council adopted a Resolution (Resolution N°18) affirming that the 1971 Fund be dissolved and its legal personality cease to exist with effect from the expiry of the last day of the financial year 2014 (31 December 2014).

In accordance with Resolution N°18 on the dissolution of the 1971 Fund, surplus amounts from the General Fund and the Nissos Amorgos Major Claims Fund were reimbursed to the respective contributors. The remaining monies were distributed to three named institutions in equal shares leaving a nil balance as at 31 December 2014.

Revenue and Expenditure figures rounded and subject to audit by the External Auditor (Prepared under IPSAS – accrual based accounting)

REVENUE (£)	2014
Contributions in 2014	-
Other revenue:	
Interest on investments	18 800
Total Revenue	18 800

ADMINISTRATIVE COSTS (£)2014

Management fee payable to 1992 Fund	480 000
Costs for winding up of the 1971 Fund	167 500
External Auditor's fees (2013 and 2014 Financial Statements)	26 900

CLAIMS EXPENDITURE (£)	2014	2014
Incident	Compensation/ Indemnification	Claims-related expenditure
<i>Vistabella</i>	-	108 100
<i>Nissos Amorgos</i>	-	654 600
<i>Plate Princess</i>	-	2 000
<i>Iliad</i>	802 000	13 600
<i>Aegean Sea</i>	-	18 700
<i>Haven</i>	-	11 900
Total claims expenditure	802 000	808 900

REIMBURSEMENT OF SURPLUS TO CONTRIBUTORS (£)	2014
General Fund	850 000
Nissos Amorgos Major Claims Fund	1 530 000
Distribution of balance on dissolution of 1971 Fund	29 117

Acknowledgements

Photographs

Cover

Getty Images

Inside cover, 12

Shutterstock

Pages 3, 5, 14, 15, 17, 24, 31, 32 and 35

You Inspire Photography

Pages 18, 22, 26, 28, 37 and 40

IOPC Funds

Page 28 (Shoko Maru)

Japanese Coast Guard

Page 28 (MT Pavit)

Press Association

Page 36

ITOPF

Published by the International Oil Pollution Compensation Funds

Copyright ©IOPC Funds 2015

Permission is granted to reproduce for personal and educational use only but acknowledgement is requested.

Commercial copying, hiring or lending is prohibited.

All other rights are reserved.

Design by thecircus.uk.com



International Oil Pollution Compensation Funds

Portland House

Bressenden Place

London SW1E 5PN

United Kingdom

Telephone: **+44 (0)20 7592 7100**

Fax: **+44 (0)20 7592 7111**

E-mail (for all enquiries): **info@iopcfunds.org**

www.iopcfunds.org

