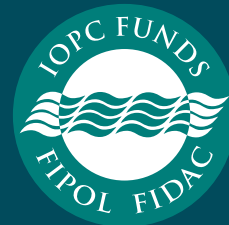


# Financial Review

International Oil Pollution  
Compensation Funds



## 1992 Fund

Financial Statements for the year ending  
31 December 2022 and Auditor's Report and Opinion



2022



**2022 Financial Statements and Auditor's Report and Opinion**  
**International Oil Pollution Compensation Fund, 1992**

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Oil resulting from a mystery spill from a tanker affecting the Israeli coastline.  
Photo courtesy of the Marine Environment Protection Division,  
Ministry of Environmental Protection, Israel

# SECTION ONE

## DIRECTOR'S COMMENTS ON THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD 1 JANUARY TO 31 DECEMBER 2022

### 1 Introduction

- 1.1 The International Oil Pollution Compensation Funds (IOPC Funds) are intergovernmental organisations that provide compensation for oil pollution damage resulting from spills of persistent oil from tankers. The International Oil Pollution Compensation Fund 1992 (1992 Fund) was set up under the 1992 Fund Convention, which entered into force on 30 May 1996, and is the second tier in the international civil liability and compensation regime.
- 1.2 The first tier is the 1992 Civil Liability Convention (CLC), which lays down the principle of strict liability of shipowners for oil pollution damage and creates a system of compulsory liability insurance. The shipowner is normally entitled to limit their liability to an amount that is linked to the tonnage of the ship. The 1992 Fund Convention establishes a regime for compensating victims when the compensation available under the CLC is inadequate and forms the second tier of compensation. Any State Party to the 1992 CLC may become Party to the 1992 Fund Convention and thereby become a Member of the 1992 Fund.
- 1.3 The maximum amount of compensation payable under the 1992 Conventions for any one incident is SDR 135 million<sup><1></sup> in respect of incidents occurring before 1 November 2003 and SDR 203 million for incidents occurring after that date. These amounts, which at 31 December 2022 corresponded to some £149 million and £224 million, respectively, include the sum which may be attributed to the shipowner or their insurer (Protection and Indemnity Club (P&I Club)).
- 1.4 The 1992 Fund has an Assembly composed of all Member States and an Executive Committee of 15 Member States elected by the Assembly. The Assembly is the supreme governing body of the organisation, having, *inter alia*, the responsibility for financial matters. The main function of the Executive Committee is to approve the settlement of claims for compensation when either the Director is not authorised to make settlements or when the Director seeks policy approval on specific aspects of a claim. Meetings of the governing bodies in 2022 returned to being held in person, after having been held remotely during 2020 and 2021.
- 1.5 The 1992 Fund is financed by contributions paid by any person who has received in the relevant calendar year in excess of 150 000 tonnes of crude oil or heavy fuel oil (contributing oil) in ports or terminal installations in a Member State after carriage by sea. The levy of contributions is based on reports of oil receipts in respect of individual contributors, which are submitted to the Secretariat by governments of Member States.
- 1.6 At its February/March 2006 session, the 1992 Fund Assembly took note of a voluntary agreement, the Small Tanker Oil Pollution Indemnification Agreement (STOPIA) 2006, under which the shipowner/P&I Clubs would reimburse the 1992 Fund for part of the compensation payable by the Fund under the 1992 Fund Convention. The effect of STOPIA 2006 is that the maximum amount of compensation

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<sup><1></sup> The SDR (Special Drawing Right), the unit of account used in the Conventions referred to in paragraph 1.3, is valued on the basis of a basket of key international currencies and serves as the unit of account of the International Monetary Fund and a number of other intergovernmental organisations.



payable by owners of all ships of 29 548 gross tonnage or less, which are insured and reinsured through the pooling arrangements of the International Group of P&I Associations, is SDR 20 million. This voluntary agreement is applicable to the *Solar 1* incident, which occurred in 2006, the *Haekup Pacific* incident in 2013 and the *Trident Star* incident in 2016. STOPIA 2006 was amended in 2017, and thereafter the Agreement is to be known as STOPIA 2006 (as amended 2017)<sup><2></sup>.

- 1.7 As at 31 December 2022, 121 States were Members of the 1992 Fund. A full list of current Member States of the 1992 Fund can be found in the Membership section of the IOPC Funds website: [www.iopcfunds.org](http://www.iopcfunds.org).

## 2 Secretariat

- 2.1 The 1992 Fund has a Secretariat, headed by a Director, based in London. The 1992 Fund enjoys privileges and immunities under its Headquarters Agreement with the Government of the United Kingdom. The 1992 Fund Secretariat also administers the International Oil Pollution Compensation Supplementary Fund (Supplementary Fund). As at 31 December 2022, the Secretariat had 35 established posts.
- 2.2 The Director of the 1992 Fund is *ex officio* also the Director of the Supplementary Fund and is assisted by a Management Team in the day-to-day running of the joint Secretariat.
- 2.3 For the period January to May 2022, the Management Team consisted of the Director, the Deputy Director/Head of the Finance and Administration Department, the Head of the External Relations and Conference Department, the Head of the Claims Department and the Head of the Information Technology Department. In June 2022, the Management Team was reconfigured to consist of the Director, the Deputy Director/Head of the Claims Department, the Head of the External Relations and Conference Department and the Head of the Administration Department. Related party disclosures in line with the International Public Sector Accounting Standards (IPSAS) requirements are included in the notes to the Financial Statements.
- 2.4 The 1992 Fund uses external consultants to provide advice on legal and technical matters as well as on matters relating to management.
- 2.5 A local claims focal point was appointed at the end of 2021 to facilitate the efficient handling of claims and provide assistance to claimants with respect to the Incident in Israel.
- 2.6 A summary of the incidents involving the 1992 Fund is set out in paragraph 7.5.

## 3 Governance

- 3.1 Audit Body
- 3.1.1 The governing bodies of the IOPC Funds have established a joint Audit Body for the two Funds composed of seven members elected by the 1992 Fund Assembly: six named individuals nominated by 1992 Fund Member States and one external expert with experience in audit matters nominated by the Chair of the 1992 Fund Assembly. The Chair and Vice-Chair of the Audit Body are elected by the

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<2> From this point forward, references to 'STOPIA 2006' should be taken to read 'STOPIA 2006 (as amended 2017)'.

1992 Fund Assembly on the proposal by the Chair of the 1992 Fund Assembly from six elected individuals nominated by Member States.

3.1.2 In December 2020, the 1992 Fund Assembly elected a new Audit Body for a three-year term made up of the full complement of six members. At its session in November 2021, the Assembly elected a new external expert to serve for three years from 1 January 2022.

3.1.3 The Audit Body normally meets three times a year. In 2022, it met on three occasions in April, July and December.

### 3.2 Investment Advisory Body

3.2.1 The governing bodies of the IOPC Funds have established a joint Investment Advisory Body (IAB), consisting of three experts with specialist knowledge in investment matters appointed by the 1992 Fund Assembly to advise the Director on the Funds' investments.

3.2.2 At its session in December 2020, the 1992 Fund Assembly decided to reappoint two members of the IAB for a term of three years and reappoint one member for two years while seeking a replacement. At its session in October 2022, the Assembly appointed a new IAB member to serve for one year, until the governing bodies are due to appoint IAB members for the following three years.

3.2.3 The IAB normally meets four times a year, and in 2022 it met in March, May, September and December.

### 3.3 Financial risk management

3.3.1 The IOPC Funds manage risk using a risk register consisting of two categories: operational risk and institutional risk. Operational risk has been sub-divided into five areas: finance and contributions; governance and management; compensation; safety and security; and communications and publications. For each of these areas, sub-risks have been identified, and the processes and procedures for their management have been mapped, assessed and documented. This exercise allows the IOPC Funds to prioritise key risks and to ensure that these risks have been adequately mitigated and managed. Annual reviews are conducted of the IOPC Funds' full risk register by management, and of the 'Key Risk Register' by the Audit Body.

3.3.2 The 1992 Fund has established a framework on internal control as set out in the Statement on Internal Control (see page 20).

3.3.3 The 1992 Fund's financial risk management policies focus on securing the Fund's assets, maintaining sufficient liquid assets for the operation of the Fund, avoiding undue currency risks and obtaining a reasonable return. Financial risk is managed using the Internal Investment and Hedging Guidelines approved by the Director, which have been developed in accordance with advice from the IAB. Established policies cover areas of financial risk such as foreign exchange, interest rate and credit risk, the use of financial instruments and the investing of liquid funds.

3.3.4 The 1992 Fund's credit risk is spread as widely as possible, and its investment policy limits the amount of credit exposure to any one counterparty and includes minimum credit quality guidelines.

## **4 2022 Financial Highlights**

4.1 In accordance with IPSAS, the Financial Statements for the 1992 Fund are produced on an entity basis. The 1992 Fund classifies its activities into the General Fund and Major Claims Funds, and segment reporting of financial position and financial performance is provided in Note 25. Major Claims Funds

are set up for incidents where expenditure for the incident exceeds SDR 4 million, with six Major Claims Funds in place through 2022, namely for the *Prestige*, *Hebei Spirit*, *Alfa I*, *Nesa R3*, *Agia Zoni II* and Incident in Israel incidents.

- 4.2 At an entity level, the closing net asset position presented in Statement I amounted to £59 118 603 (2021: £46 692 357). This represents an increase of £12.4 million from the opening balance on 1 January 2022 due to contributions levied for receipt in 2022. The working capital for 2022 was maintained at £15 million, in line with the decision made by the Assembly in October 2019 (see document IOPC/OCT19/11/1, paragraph 9.1.14) as set out in paragraph 7.1 of this document.
- 4.3 In 2022, the total revenue was some £20.8 million (2021: £2.7 million), and the total expenditure was some £8.4 million (2021: £8.0 million).
- 4.4 The 1992 Fund's cash and cash equivalent assets at the end of the 2022 financial period, amounting to some £65.4 million (2021: £52.9 million), were held in pounds sterling (47%) and US dollars (13%) in respect of the General Fund and euros (34%) in respect of the *Prestige* and *Agia Zoni II* incidents and the General Fund. Israeli shekels (6%) were held in respect of the Incident in Israel.
- 4.5 With regard to contributions, the 1992 Fund Assembly decided in November 2021 to levy £12.2 million to the General Fund and £4 million to the Incident in Israel Major Claims Fund, both payable by 1 March 2022. Outstanding contributions due to the 1992 Fund as at 31 December 2022 totalled some £1.3 million (some £1.5 million net of a provision of £0.2 million).
- 4.6 Other receivables, amounting to some £881 000, include taxes such as VAT, recoverable from the United Kingdom and Spanish Governments of some £361 000. Accrued interest on investments amounts to some £187 000, and accrued interest on overdue contributions amounts to some £169 000. Accrued income of some £4 000 is due from the P&I Club in relation to joint costs in respect of the *Hebei Spirit* incident.
- 4.7 Contributions-in-kind (£206 400) received in 2022 is the reimbursement received from the United Kingdom Government of 80% of the rent of the Secretariat offices in the International Maritime Organization (IMO) building.
- 4.8 Payment of compensation claims not previously provided for amounted to some £4.0 million during 2022. Compensation paid in respect of the *Solar I* (£1 604 588) and *Trident Star* (£2 435 950) incidents was recovered from P&I Clubs under STOPIA 2006.
- 4.9 Claims-related expenditure incurred in 2022 amounted to some £703 000. Under the Memorandum of Understanding (MoU) with the International Group of P&I Clubs, the relevant P&I Clubs' share of joint costs in 2022 amounted to some £4 000 in respect of the *Hebei Spirit* incident. This amount has been offset against claims-related expenditure.

## 5 Secretariat budget

- 5.1 The budget for the running of the Secretariat is prepared on a modified cash basis. Expenses for running the Secretariat were made under six chapters (Statement of Comparison of Budget and Actual Amounts — Statement V) as set out in the table below:

Chapter	2022 Budget appropriations £	2022 Budget out-turn £	Underspend/ (overspend) as % of original budget appropriations
I Personnel	3 295 876	3 209 193	2.6%
II General services	838 902	784 812	6.4%
III Meetings	130 000	73 897	43.2%
IV Travel	100 000	104 977	(5.0)%
V Miscellaneous expenditure	431 000	319 438	25.9%
VI Unforeseen expenditure	60 000	-	100.0%
<b>Total</b>	<b>4 855 778</b>	<b>4 492 317</b>	<b>7.5%</b>

- 5.2 The total Secretariat expenses (excluding external audit fees) amounted to £4 492 317 (2021: £3 961 283). This is £363 461 or 7.5% less than the 2022 budget appropriation of £4 855 778.
- 5.3 The budget appropriation approved by the 1992 Fund Assembly in November 2021 for 2022 was £4 855 778 for Chapters I–VI and £53 600 for Chapter VII, giving a total of £4 909 378.
- 5.4 Chapter I — Personnel
- 5.4.1 Expenditure under Personnel totalled £3 209 193 and covered salaries, separation/recruitment, staff benefits/allowances and training. The provision for employee benefits (as set out in paragraph 6.2) is not included in the budget out-turn figure.
- 5.4.2 Costs under this chapter make up 71% of the total administrative expenditure.
- 5.5 Chapter II — General Services
- 5.5.1 Of the £784 812 spent within this chapter, some 23% related to office accommodation, 55% to IT (hardware, software, maintenance and connectivity) and 11% to public information (including website and publications costs).
- 5.5.2 The 1992 Fund Secretariat relocated to the IMO headquarters building in 2016. The term of the lease entered into with IMO runs from 1 March 2016 and will expire on 25 October 2032. The rent has been fixed at £258 000 per annum with a break on 31 October 2024. The United Kingdom Government meets 80% of the costs related to the rental space of the Secretariat offices in the IMO headquarters building.
- 5.5.3 The budget out-turn includes the cost of purchase of fixed assets amounting to £31 572, whereas the Statement of Financial Performance (Statement II) instead includes the depreciation and amortisation cost of £21 469, in line with IPSAS requirements.
- 5.5.4 Costs under this chapter make up some 17% of the total administrative expenditure.

## 5.6 Chapter III — Meetings

- 5.6.1 In 2022, meetings of the IOPC Funds governing bodies were held in March and October.
- 5.6.2 Costs under this Chapter amounted to £73 897. This is £56 103 less than the budget appropriation of £130 000, which budgeted for a potential third session and streaming costs which were not utilised.
- 5.6.3 Costs under this chapter make up some 1.6% of the total administrative expenditure.

## 5.7 Chapter IV — Travel

- 5.7.1 Travel for missions, conferences, seminars and workshops resumed in 2022 after two years of travel restrictions due to the COVID-19 pandemic.
- 5.7.2 Costs under this chapter were £104 977 which was £4 977 more than the budget appropriation of £100 000. The 1992 Fund's Financial Regulation 6.2 allows for the Director to exceed an appropriation in respect of any single class of expenditure by 5%.
- 5.7.3 Costs under this chapter make up some 2.3% of the total administrative expenditure.

## 5.8 Chapter V — Other expenditure

- 5.8.1 Expenses under this chapter include consultants' fees amounting to £32 945. Consultants' fees cover non-incident related studies and non-incident related legal fees and, in 2022, they included internal audit costs, GDPR implementation costs and legal fees covering advice on the Headquarters Agreement and on the interpretation of specific articles in the Fund Convention.
- 5.8.2 Other costs under this chapter relate to the Audit Body and Investment Advisory Body amounting to £200 326 and £86 167, respectively.
- 5.8.3 Costs under this chapter make up some 7% of the total administrative expenditure.

## 5.9 Chapter VI — Unforeseen expenditure

There was no expenditure under this chapter for 2022, resulting in an underspend of £60 000 in 2022.

## 5.10 Chapter VII — External audit fees (1992 Fund expense only)

- 5.10.1 The 1992 Fund Assembly, at its October 2019 session, decided to reappoint BDO International LLP (BDO) as the IOPC Funds' External Auditor to audit the Financial Statements for a second four-year term, i.e. for the financial years 2020–2023 inclusive, subject to satisfactory performance. The external audit fee of £53 600 per year was increased to £65 908 in 2022 to reflect additional work required following the revision of ISA (UK) 315 and the introduction of a 2.5% support charge.



5.10.2 The expenses included in the Statement of Financial Performance (Statement II) are based on the requirements of the accounting standards. Total administrative expenses for 2022 were £4 727 991 (2021: £4 183 929), made up of staff and other personnel costs of £3 186 723 (2021: £2 985 152), and other administrative costs of £1 541 268 (2021: £1 198 777).

Expenses included	£
Statement of Financial Performance (Statement II)	<b>4 727 991</b>
<b>Less:</b>	
<u>In accordance with IPSAS:</u>	
Accommodation costs reimbursed by the United Kingdom Government	(206 400)
Depreciation and amortisation	(21 469)
Adjustment to provision for employee benefits	39 902
<u>1992 Fund expense only:</u>	
External audit fees - Chapter VI	(65 908)
<b>Add:</b>	
Fixed asset purchase - Chapter II	31 572
Provision for separated employees	(17 431)
Inter-fund loan interest	4 060
Joint Secretariat expenses Chapter I-VI on budget basis (paragraph 5.1)	<b>4 492 317</b>

## 6 Other assets and liabilities

- 6.1 At its first session, the 1992 Fund Assembly instructed the Director to carry out the tasks necessary for the setting up of the International Hazardous and Noxious Substances Fund (HNS Fund) as requested by the HNS International Conference on the basis that any related expenses would be treated as loans from the 1992 Fund. An amount of £507 240 (2021: £470 436), including interest of £55 765, is due from the HNS Fund when it is established. It can be reasonably expected that this balance will be recovered due to progress towards entry into force of the 2010 HNS Convention.
- 6.2 Provision for employee benefits (short-term and long-term) of £647 000 (2021: £686 902) has been made for accrued annual leave and separation benefits.
- 6.3 The Contributors' account has a balance of £129 263 (2021: £142 732) made up of reimbursement of contributions in accordance with the Assembly's decisions and net overpayments by contributors. Contributors have been informed by the Secretariat of their credit balances, but some contributors have decided to retain the amounts with the 1992 Fund to be offset against the future levy of contributions.
- 6.4 The staff Provident Fund is made up of two elements, namely Provident Fund 1 (PF1), which is invested with the 1992 Fund assets and Provident Fund 2 (PF2), which is managed by an independent financial broker in the name of the 1992 Fund. Participation in PF2 is entirely voluntary, and new staff members can only participate in PF2 after completing one year of service in the Secretariat. Investing in PF2 is to be made only from the cash balance available in PF1. There is no possibility of investing private funds in PF2. All fees paid by those participating in PF2 are based on the proportion of their investment in PF2.
- 6.5 As at 31 December 2022, the PF1 had a balance of £4 453 563 (2021: £4 209 742) on the accounts of staff members. This balance reflects contributions to the Provident Fund during the financial year, transfers to and from PF2, withdrawals and repayments of housing loans, withdrawals on separation, and interest earned of £92 666 (2021: £100 809) on the investment of the assets of the Provident Fund (see Note 14 to the Financial Statements).

- 6.6 A transfer of £80 000 was made by staff members from PF1 to PF2 in 2022, as well as a withdrawal of £930 853. As at 31 December 2022, the value of the funds in PF2 was £950 668 (2021: £1 494 419).

## 7 General Fund and Major Claims Funds' balances

- 7.1 The General Fund balance on 31 December 2022 was £19 403 395 (2021: £11 755 747), showing an increase of some £7.6 million. The General Fund balance is higher than the working capital of £15 million set by the 1992 Fund Assembly at its October 2019 session. The working capital is established to ensure that the 1992 Fund is able to meet compensation and claims-related expenses which have not been foreseen and occur between the regular sessions of the governing bodies.
- 7.2 The balances on the respective Major Claims Funds on 31 December 2022, specific to incidents, are as follows:

Balances on Major Claims Funds, £	
<i>Prestige</i> Major Claims Fund	422 560
<i>Hebei Spirit</i> Major Claims Fund	7 629 195
<i>Alfa I</i> Major Claims Fund	235 990
<i>Agia Zoni II</i> Major Claims Fund	27 112 878
<i>Nesa R3</i> Major Claims Fund	334 586
Incident in Israel Major Claims Fund	3 979 999

- 7.3 The contingent liabilities as at 31 December 2022 were estimated at some £78.6 million (2021: £46.0 million) in respect of 11 incidents (2021: 12 incidents). Further details on the incidents are provided in Section 3, Note 26.
- 7.4 A schedule of compensation and claims-related expenditure incurred in respect of open incidents involving the 1992 Fund is provided on page 12.

- 7.5 A summary of the total compensation and claims-related expenditure, on a cash basis (i.e. excluding provision), from both the General Fund (up to SDR 4 million) and the Major Claims Fund established for the incident, is as follows:

Incident	Date of incident	Compensation £	Claims-related expenses £	Total £
<i>Prestige</i>	13.11.02	106 621 900	24 686 592	<b>131 308 492</b>
<i>Solar 1*</i>	11.08.06	8 096 211	393 009	<b>8 489 220</b>
<i>Hebei Spirit</i>	07.12.07	119 575 604	37 675 816	<b>157 251 420</b>
<i>MT Redferrm</i>	30.03.09	-	92 691	<b>92 691</b>
<i>Haekup Pacific*</i>	20.04.10	-	34 146	<b>34 146</b>
<i>Alfa I</i>	05.03.12	10 856 126	805 359	<b>11 661 485</b>
<i>Nesa R3</i>	19.06.13	6 703 800	457 898	<b>7 161 698</b>
<i>Trident Star*</i>	24.08.16	2 883 303	97 540	<b>2 980 843</b>
<i>Nathan E. Stewart (Incident in Canada)</i>	13.10.16	-	17 760	<b>17 760</b>
<i>Agia Zoni II</i>	10.09.17	13 176 452	4 264 096	<b>17 440 548</b>
<i>Bow Jubail</i>	23.06.18	-	310 484	<b>310 484</b>
<i>MT Harcourt</i>	02.11.20	-	4 463	<b>4 463</b>
Incident in Israel	17.02.21	26 589	216 933	<b>243 522</b>

\* Under STOPIA 2006

A detailed breakdown by year is provided on pages 12 to 18.

## 8 Sustainability

- 8.1 The 1992 Fund Convention provides the 1992 Fund Assembly the authority to levy contributions that may be required to balance the payments to be made by the 1992 Fund. It also places an obligation on the contributors to make payment by a due date or bear interest on any arrears.
- 8.2 Based on the net assets held at the end of the period and the generally high percentage of receipt of the contributions levied by the due date, the going concern basis has been adopted in preparing the 1992 Fund's Financial Statements.

## 9 External Auditor's recommendations from previous financial years

- 9.1 The External Auditor made no recommendations in 2022, and there are no outstanding recommendations from previous financial years (page 19).



Gaute Sivertsen  
Director  
2 May 2023

## 10 Claims and claims-related expenditure on a cash basis as at 31 December 2022 (figures in pounds sterling)

### 10.1 Cumulative expenditure for incidents open in 2022:

Incident	Year	Compensation £	Legal fees £	Technical fees £	Various fees £	Other £	Total £
<i>Prestige</i> <sup>&lt;3&gt;</sup> , 13 November 2002							
	2022	-	67 553	-	-	293	67 846
	2021	-	46 383	-	6 836	44	53 263
	2020	-	39 049	-	27 130	29	66 208
	2019	23 502 518	226 241	150 801	36 133	9 862	23 925 555
Reimbursement from P&I Club	2019	-	-	(20 027)	-	-	(20 027)
	2018	-	361 941	146 719	27 339	7 337	543 336
Reimbursement from P&I Club	2018	-	-	(19 484)	-	-	(19 484)
	2017	-	375 037	175 527	34 033	3 912	588 509
Reimbursement from P&I Club	2017	-	-	(23 310)	-	-	(23 310)
	2016	45 229	234 346	145 060	34 392	27 326	486 353
Reimbursement from P&I Club	2016	-	-	(19 264)	-	-	(19 264)
	2015	238	66 242	42 733	28 238	6 732	144 183
Reimbursement from P&I Club	2015	-	-	(5 887)	-	-	(5 887)
	2014	38 323	204 580	53 571	25 666	10 114	332 254
Reimbursement from P&I Club	2014	-	-	(6 895)	-	-	(6 895)
	2013	53 811	904 052	340 051	131 867	11 682	1 441 463
Reimbursement from P&I Club	2013	-	-	(50 124)	-	-	(50 124)
	2012	-	882 326	454 536	51 095	6 766	1 394 723
Reimbursement from P&I Club	2012	-	-	(55 821)	-	-	(55 821)
	2011	107 197	876 299	696 430	18 108	2 692	1 700 726
Reimbursement from P&I Club	2011	-	-	(92 062)	-	-	(92 062)
	2010	62 446	1 123 739	785 355	23 309	3 195	1 998 044
Reimbursement from P&I Club	2010	-	-	(119 399)	-	-	(119 399)
	2009	253 735	1 016 806	1 389 357	33 428	3 340	2 696 666
Reimbursement from P&I Club	2009	-	-	(218 703)	-	-	(218 703)
	2008	251 641	699 131	1 241 573	34 636	3 731	2 230 712
Reimbursement from P&I Club	2008	-	-	(171 669)	-	-	(171 669)
	2007	1 109 424	661 652	1 208 692	64 583	8 488	3 052 839
Reimbursement from P&I Club	2007	-	-	(20 153)	-	-	(20 153)
	2006	40 537 569	664 774	1 663 608	135 402	23 225	43 024 578
Reimbursement from P&I Club	2006	-	-	(1 000 000)	-	-	(1 000 000)
	2005	621 316	356 892	2 052 910	208 059	31 557	3 270 734
	2004	123 033	285 311	1 865 281	175 002	288 810	2 737 437
	2003	39 915 420	252 526	2 760 248	280 599	120 473	43 329 266
	2002	-	-	35 969	-	10 626	46 595
<b>Total to date</b>		<b>106 621 900</b>	<b>9 344 880</b>	<b>13 385 623</b>	<b>1 375 855</b>	<b>580 234</b>	<b>131 308 492</b>

Incident	Year	Compensation £	Legal fees £	Technical fees £	Various fees £	Other £	Total £
<i>Solar 1, 11 August 2006</i> (Under STOPIA 2006) <sup>&lt;4&gt;</sup>							
	2022	1 604 588	67 848	-	-	40	1 672 476
	2021	-	30 545	-	-	455	31 000
	2020	-	11 384	-	-	42	11 426
	2019	-	18 824	-	-	-	18 824
	2018	-	17 746	-	-	-	17 746
	2017	-	18 255	-	377	24	18 656
	2016	-	6 588	-	-	33	6 621
	2015	-	9 503	-	-	12	9 515
	2014	-	10 156	-	-	-	10 156
	2013	-	6 843	-	-	12	6 855
	2012	-	18 272	656	-	6	18 934
	2011	-	10 270	-	-	6	10 276
	2010	17 798	8 692	635	-	897	28 022
Reimbursement from P&I Club	2010	-	-	-	-	(573)	(573)
	2009	390 508	33 077	3 800	-	7 294	434 679
Reimbursement from P&I Club	2009	-	-	-	-	(1 663)	(1 663)
	2008	281 908	-	-	-	10 990	292 898
Reimbursement from P&I Club	2008	-	(43 052)	-	(77 879)	(10 925)	(131 856)
	2007	3 835 532	46 658	-	80 677	67 167	4 030 034
	2006	1 965 877	-	-	248	39 069	2 005 194
<b>Total to date</b>		<b>8 096 211</b>	<b>271 609</b>	<b>5 091</b>	<b>3 423</b>	<b>112 886</b>	<b>8 489 220</b>



Incident	Year	Compensation £	Legal fees £	Technical fees £	Various fees £	Other £	Total £
<i>Hebei Spirit<sup>5&gt;</sup>, 7 December 2007</i>							
	2022	-	31 788	42 854	-	48 211	122 853
Reimbursement from P&I Club	2022	-	-	(3 633)	-	-	(3 633)
	2021	-	19 499	294 778	-	1 977	316 254
Reimbursement from P&I Club	2021	-	-	(4 074)	-	-	(4 074)
	2020	2 275 799	34 377	11 943	-	1 197	2 323 316
Reimbursement from P&I Club	2020	-	-	(4 587)	-	-	(4 587)
	2019	33 188 143	506 347	8 334	29 109	12 973	33 744 906
Reimbursement from P&I Club	2019	-	-	(3 667)	-	-	(3 667)
	2018	(1 861)	923 635	32 487	2 018	38 130	994 409
Reimbursement from P&I Club	2018	-	-	(14 276)	-	-	(14 276)
	2017	48 147 120	721 150	145 908	5 553	23 589	49 043 320
Reimbursement from P&I Club	2017	-	-	(64 218)	-	-	(64 218)
	2016	24 064 868	1 431 530	767 394	-	79 157	26 342 949
Reimbursement from P&I Club	2016	-	-	(337 653)	-	0	(337 653)
	2015	11 901 535	1 585 233	2 221 723	-	390 507	16 098 998
Reimbursement from P&I Club	2015	-	-	(977 507)	-	-	(977 507)
	2014	-	1 499 185	1 652 666	-	53 866	3 205 717
Reimbursement from P&I Club	2014	-	-	(715 743)	-	(343)	(716 086)
	2013	-	933 971	1 194 111	-	45 725	2 173 807
Reimbursement from P&I Club	2013	-	-	(463 652)	-	-	(463 652)
	2012	-	306 560	3 132 934	-	62 972	3 502 466
Reimbursement from P&I Club	2012	-	-	-	-	(343)	(343)
	2011	-	512 816	4 211 595	-	155 240	4 879 651
Reimbursement from P&I Club	2011	-	-	-	-	(5 359)	(5 359)
	2010	-	287 299	5 907 901	-	150 818	6 346 018
Reimbursement from P&I Club	2010	-	-	(1 523)	-	(12 793)	(14 316)
	2009	-	2 332 643	5 072 399	31 312	110 021	7 546 375
Reimbursement from P&I Club	2009	-	-	(9 320)	-	(21 255)	(30 575)
	2008	-	248 382	2 903 118	156	96 682	3 248 338
	2007	-	-	-	-	1 989	1 989
<b>Total to date</b>		<b>119 575 604</b>	<b>11 374 415</b>	<b>25 000 292</b>	<b>68 148</b>	<b>1 232 961</b>	<b>157 251 420</b>

Incident	Year	Compensation £	Legal fees £	Technical fees £	Various fees £	Other £	Total £
<i>Redfferm, 30 March 2009</i>							
	2022	-	8 250	-	-	-	8 250
	2021	-	3 350	-	-	-	3 350
	2020	-	1 850	-	-	-	1 850
	2019	-	5 850	-	-	-	5 850
	2018	-	3 600	-	-	-	3 600
	2017	-	1 675	-	-	-	1 675
	2016	-	2 425	-	-	209	2 634
	2015	-	-	-	-	-	0
	2014	-	1 625	-	-	35	1 660
	2013	-	24 850	6 978	-	292	32 120
	2012	-	7 125	11 827	-	12 750	31 702
<b>Total to date</b>		-	<b>60 600</b>	<b>18 805</b>	-	<b>13 286</b>	<b>92 691</b>
<i>Haekup Pacific, 20 April 2010</i>							
	2022	-	1 125	-	-	34	1 159
	2021	-	1 129	-	-	-	1 129
	2020	-	5 116	-	-	-	5 116
	2019	-	6 344	-	-	36	6 380
	2018	-	236	-	-	-	236
	2017	-	4 029	-	-	39	4 068
	2016	-	8 526	-	424	129	9 079
	2015	-	0	-	-	-	-
	2014	-	0	-	-	-	-
	2013	-	6 975	-	-	4	6 979
<b>Total to date</b>		-	<b>33 480</b>	-	<b>424</b>	<b>242</b>	<b>34 146</b>
<i>Alfa I, 5 March 2012</i>							
	2022	-	32 192	-	-	-	32 192
	2021	-	115 767	-	-	-	115 767
	2020	-	77 869	-	-	-	77 869
	2019	-	18 803	-	-	2 034	20 837
	2018	-	56 666	364	-	10 521	67 551
	2017	-	174 540	4 197	251	10 483	189 471
	2016	10 856 126	112 062	12 375	1 161	7 918	10 989 642
	2015	-	23 212	20 333	-	2 749	46 294
	2014	-	66 998	19 155	405	2 598	89 156
	2013	-	7 976	725	-	68	8 769
	2012	-	14 103	6 477	522	2 835	23 937
<b>Total to date</b>		<b>10 856 126</b>	<b>700 188</b>	<b>63 626</b>	<b>2 339</b>	<b>39 206</b>	<b>11 661 485</b>

Incident	Year	Compensation £	Legal fees £	Technical fees £	Various fees £	Other £	Total £
<i>Nesa R3, 19 June 2013</i>							
	2022	-	32 859	-	-	-	32 859
	2021	-	12 280	-	-	19	12 299
	2020	-	14 374	9 008	-	4 007	27 389
	2019	21 654	18 413	-	28 537	31 440	100 044
	2018	3 533 737	65 402	25 343	2 017	5 730	3 632 229
	2017	174 192	37 146	7 500	2 333	522	221 693
	2016	1 344 648	24 726	20 737	-	2 302	1 392 413
	2015	868 298	44 334	25 351	4 514	5 312	947 809
	2014	761 271	3 030	16 722	-	4 345	785 368
	2013	-	-	6 920	-	2 675	9 595
<b>Total to date</b>		<b>6 703 800</b>	<b>252 564</b>	<b>111 581</b>	<b>37 401</b>	<b>56 352</b>	<b>7 161 698</b>
<i>Trident Star, 24 August 2016 (Under STOPIA 2006)<sup>&lt;4&gt;</sup></i>							
	2022	2 435 950	3 279	-	-	8 232	2 447 461
	2021	-	7 543	-	-	28	7 571
	2020	447 353	15 256	-	-	332	462 941
	2019	-	8 354	-	28 166	21	36 541
	2018	-	14 159	-	2 018	19	16 196
	2017	-	6 664	-	2 423	22	9 109
	2016	-	800	-	-	224	1 024
<b>Total to date</b>		<b>2 883 303</b>	<b>56 055</b>	<b>-</b>	<b>32 607</b>	<b>8 878</b>	<b>2 980 843</b>
<i>Nathan E. Stewart<sup>&lt;6&gt;</sup>, 13 October 2016</i>							
	2022	-	418	-	-	-	418
	2021	-	174	-	-	-	174
	2020	-	1 080	-	-	10	1 090
	2019	-	13 090	-	-	19	13 109
	2018	-	2 969	-	-	-	2 969
<b>Total to date</b>		<b>-</b>	<b>17 731</b>	<b>-</b>	<b>-</b>	<b>29</b>	<b>17 760</b>

Incident	Year	Compensation £	Legal fees £	Technical fees £	Various fees £	Other £	Total £
<i>Agia Zoni II, 10 September 2017</i>							
	2022	33 167	133 185	22 661	443	149	189 605
	2021	235 898	262 311	60 836	4 913	497	564 455
	2020	2 798 207	388 369	414 952	20 344	(7)	3 621 865
	2019	959 049	187 030	678 036	46 358	5 194	1 875 667
	2018	9 150 131	54 561	820 979	39 264	10 205	10 075 140
	2017	-	85 433	936 781	69 696	21 906	1 113 816
<b>Total to date</b>		<b>13 176 452</b>	<b>1 110 889</b>	<b>2 934 245</b>	<b>181 018</b>	<b>37 944</b>	<b>17 440 548</b>
<i>Bow Jubail, 23 June 2018</i>							
	2022	-	149 071	-	-	-	149 071
	2021	-	54 935	-	15 057	-	69 992
	2020	-	90 731	-	690	-	91 421
<b>Total to date</b>		<b>-</b>	<b>294 737</b>	<b>-</b>	<b>15 747</b>	<b>-</b>	<b>310 484</b>
<i>MT Harcourt, 02 November 2020</i>							
	2022	-	-	-	-	-	-
	2021	-	-	-	4 463	-	4 463
<b>Total to date</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>4 463</b>	<b>-</b>	<b>4 463</b>
<i>Incident in Israel, 23 July 2021&lt;7&gt;</i>							
	2022	26 589	-	46 044	68	10 139	82 840
	2021	-	319	152 559	7 804	-	160 682
<b>Total to date</b>		<b>26 589</b>	<b>319</b>	<b>198 603</b>	<b>7 872</b>	<b>10 139</b>	<b>243 522</b>

## 10.2 Incident related expenditure on a cash basis in 2022:

	Compensation paid on cash basis in 2022 (note 20) £	Claims-related expenses paid in 2022 (note 21) £	Joint costs received from P&I Club in 2022 (note 21) £	Total 2022 £
General Fund	4 067 127	294 547	-	4 361 674
<i>Prestige</i> MCF	-	67 846	-	67 846
<i>Hebei Spirit</i> MCF	-	122 853	(3 633)	119 220
<i>Alfa I</i> MCF	-	32 192	-	32 192
<i>Agia Zoni II</i> MCF	33 167	156 438	-	189 605
<i>Nesa R3</i> MCF	-	32 859	-	32 859
<b>TOTAL</b>	<b>4 100 294</b>	<b>706 735</b>	<b>(3 633)</b>	<b>4 803 396</b>

<3> Joint costs reimbursement by P&I Club.

<4> Compensation payments reimbursed by the P&I Club under STOPIA 2006.

<5> USD 5 million (£3 137 550) received as a result of legal settlement between the 1992 Fund and the P&I Club with Samsung Heavy Industries (SHI) and Samsung C&T Corporation. The amount was accounted under 'Other revenue' in 2012. A further KRW 3 271 486 069 (£2 220 457) received from SHI Limitation Fund was accounted for under 'Other revenue' in 2021.

<6> Reported in 2018 as 'Incident in Canada', prior to becoming 1992 Fund incident *Nathan E. Stewart*.

<7> Date of authorisation of payments by Executive Committee.



INTERNATIONAL OIL POLLUTION COMPENSATION FUND 1992  
RECOMMENDATIONS MADE BY THE EXTERNAL AUDITOR IN THE REPORT ON THE FINANCIAL STATEMENTS  
SUMMARY OF RECOMMENDATIONS AND DIRECTOR'S RESPONSE

**11 FINANCIAL STATEMENTS 2022 — Recommendations and response**

- 11.1 No recommendations from prior years remain ongoing.
- 11.2 No recommendations were made by BDO during the audit of the Financial Statements 2022.

INTERNATIONAL OIL POLLUTION COMPENSATION FUND 1992  
STATEMENT ON INTERNAL CONTROL

## 12 Scope of Director's responsibility

- 12.1 Under Article 28.2 of the 1992 Fund Convention, the Director shall be the legal representative of the International Oil Pollution Compensation Fund 1992 (1992 Fund). Each Contracting State shall, pursuant to Article 2.2 of the 1992 Fund Convention, recognise the Director as the legal representative of the 1992 Fund.
- 12.2 Under Article 29.1 of the 1992 Fund Convention, the Director shall be the chief administrative officer of the 1992 Fund. As chief administrative officer, the Director has responsibility for maintaining a sound system of internal control that supports the achievement of the 1992 Fund's policies, aims and objectives, while also safeguarding the 1992 Fund's assets.
- 12.3 As a result of these provisions, the Director has the authority, *vis-à-vis* third parties, to commit the 1992 Fund without restrictions, unless the third party concerned has been informed of any limitation of this authority decided by the Assembly or Executive Committee.
- 12.4 The Director is, however, bound by any restriction of his authority decided by the Assembly or Executive Committee. He may delegate his authority to other officers within the limits laid down by the Assembly. Pursuant to the authority given and within the limits laid down by the IOPC Funds governing bodies, the Director has delegated his authority to other officers by Administrative Instructions.
- 12.5 The 1992 Fund and the International Oil Pollution Compensation Supplementary Fund (Supplementary Fund) are together referred to as the IOPC Funds. The IOPC Funds are managed by a joint Secretariat headed by the Director. The 1992 Fund administers the joint Secretariat, and staff members are, therefore, employed by the 1992 Fund.
- 12.6 In 2022, the Director was assisted by a Management Team comprising of, for the period January to May 2022, the Deputy Director/Head of the Finance and Administration Department, the Head of the External Relations and Conference Department, the Head of the Claims Department and the Head of the Information Technology Department for the day-to-day running of the Secretariat. In June 2022, the Management Team was reconfigured to consist of the Director, the Deputy Director/Head of the Claims Department, the Head of the External Relations and Conference Department and the Head of the Administration Department.
- 12.7 After a period of remote working due to the global COVID-19 pandemic, staff of the Secretariat of the IOPC Funds returned to office-based work in 2022. An updated working from home policy was released providing staff with the option to work from home two days each week.

## 13 Statement on the system of internal control

- 13.1 The Director has the responsibility for maintaining a sound system of internal control that supports the work of the 1992 Fund. The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; therefore, it can only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise risks, evaluate the likelihood and impact of those risks being realised, and manage them efficiently, effectively and economically.

- 13.2 The Management Team normally meets on a weekly basis to exchange information and brief the Director on matters that may require attention. Information sharing and internal steering group meetings, composed of staff members from across the Secretariat and chaired by the Director, to discuss substantive matters of policy and work, are documented and matters followed up as required. These meetings provide the necessary forum where Management Team and staff members entrusted with specific areas of responsibility can discuss issues including internal control and risks arising in the organisation. The Director obtains assurance from these meetings that there are sufficient internal controls in place and that the risks are mitigated and managed across the organisation.
- 13.3 The joint Audit Body was established by the IOPC Funds governing bodies and meets formally at least three times a year. The Audit Body has the mandate, *inter alia*, to review the adequacy and effectiveness of the organisation with regard to key issues of management and financial systems, financial reporting, internal controls, operational procedures and risk management, to review the organisation's Financial Statements and reports, and to consider all relevant reports by the External Auditor including reports on the organisation's Financial Statements. This additional oversight provides further assurance to the Director, as well as the governing bodies, that appropriate internal controls are in place. The Audit Body reports to the 1992 Fund Assembly on an annual basis.
- 13.4 The joint Investment Advisory Body (IAB) was also established by the IOPC Funds governing bodies. It advises the Director on relevant procedures for investment and cash management controls, and these are monitored by the IAB, which provides the Director with further assurances regarding the internal controls that are in place in this area. The IAB also reviews the IOPC Funds' investments and foreign exchange requirements to ensure reasonable investment returns are achieved without compromising the IOPC Funds' assets. The IAB also monitors, on an ongoing basis, the credit ratings of financial institutions and reviews the credit ratings of institutions which meet the IOPC Funds' investment criteria. The IAB meets quarterly with the Director and Secretariat, and at least annually with the External Auditor when both parties are in attendance at Audit Body meetings. The IAB reports to the 1992 Fund Assembly on an annual basis.

## 14 Risk management

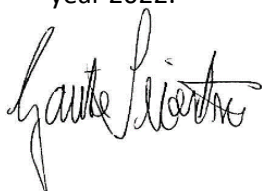
- 14.1 The Director continued a policy of reviewing the IOPC Funds' risk register to identify key risks across the organisation. These risks have been placed in two categories: operational risk and institutional risk. Operational risk has been sub-divided into five areas: finance and contributions; governance and management; compensation; safety and security; and communications and publications.
- 14.2 In 2021, the Management Team reviewed and assessed the sub-risks under these risk areas, following which the process and procedures for the management of these risks were documented. This exercise allowed the IOPC Funds to prioritise the key risks and ensure that these risks were adequately mitigated.
- 14.3 The Key Risk Register is shared with the Audit Body at least annually, following the results of the annual risk management review and updates to the Register. The Audit Body and the Director jointly identify areas of risk for more in-depth analysis. The Audit Body has made valuable contributions to the organisation's risk management, which provides further assurance to the Director that the processes are effective. The Audit Body makes specific reference to these matters in its annual report to the governing bodies.

## 15 The risk and control framework

- 15.1 The system of internal control is based on an ongoing process designed to ensure conformity with the 1992 Fund Convention, the Financial Regulations, the Internal Regulations and decisions of the 1992 Fund Assembly and Executive Committee.
- 15.2 The Assembly adopts the Financial Regulations and Internal Regulations necessary for the proper functioning of the 1992 Fund.
- 15.3 Staff Regulations are adopted by the 1992 Fund Assembly. Staff Rules are issued by the Director, and any amendments made to the Staff Rules are reported annually to the 1992 Fund Assembly. Administrative Instructions are issued by the Director as and when required.

## 16 Review of effectiveness

- 16.1 The review of the effectiveness of the system of internal control is carried out by the Director and is aided through the work of the Audit Body and that of the External Auditor. Any recommendations made by the External Auditor, in its management letter and other reports, are considered and a plan is agreed upon to address any identified weakness and to ensure continuous improvement of the current system. The Assembly is updated annually on the status of these recommendations.
- 16.2 As part of the process of further enhancing the system of control, the Director commissioned an internal audit needs assessment, which was discussed with the Audit Body at its meeting in April 2018. The outline plan and the areas to be reviewed over a three-year period agreed with the Audit Body, should provide added assurances to the Director on the effectiveness of the internal controls in place.
- 16.3 In mid-2019, Mazars LLP was engaged to undertake the internal audit reviews following the merger of the previous firm with the External Auditor, BDO, in February 2019. A review of the Risk Management Framework was undertaken by Mazars LLP in late 2019 and was reviewed by the Audit Body in June 2020. No additional internal audit review was undertaken in 2020 and 2021 due to the global pandemic. In 2022, an internal audit review of the claims-handling process was undertaken by Mazars LLP and the results were reported to the Audit Body in April 2022. The Audit Body also undertook a deep dive review of the claims process in December 2022 which did not highlight any significant deficiencies.
- 16.4 The work of the Audit Body, the External Auditor and the internal audit reviews provided additional assurances that the infrastructure and management controls in place provided a stable and secure platform to support the ongoing functioning of the IOPC Funds.
- 16.5 I am pleased to conclude that there existed an effective system of internal control for the financial year 2022.



Gaute Sivertsen  
Director  
2 May 2023

\* \* \*

## SECTION TWO

### EXTERNAL AUDITOR'S REPORT AND OPINION

#### OPINION ON THE FINANCIAL STATEMENTS

We have audited the financial statements of the International Oil Pollution Compensation Fund 1992 (the Fund) for the year ended 31 December 2022 which comprise the Statement of Financial Position, the Statement of Financial Performance, the Statement of Changes in Net Assets, the Statement of Cash Flows and the Statement of Comparison of Budget and Actual Accounts for the year then ended, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law including the Financial Regulations of the International Oil Pollution Compensation Fund 1992 (the Financial Regulations) and International Public Sector Accounting Standards (IPSAS).

In our opinion:

- the financial statements present fairly, in all material respects, the financial position of the International Oil Pollution Compensation Fund 1992 as at 31 December 2022 and of the results of its operations and cash flows for the year then ended
- the financial statements have been properly prepared in accordance with the Fund's Financial Regulations and International Public Sector Accounting Standards; and
- accounting principles have been applied in the preparation of the financial statements on a basis consistent with that of the preceding period.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements, including the IESBA Code of Ethics for professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Director's use of the going concern basis of accounting in the preparation of these financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.



Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

### **Emphasis of Matter – basis for accounting and use**

In forming our opinion on the accounts, which is not modified, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Fund in complying with their financial reporting obligations. As a result, the financial statements may not be suitable for another purpose.

### **Other information**

The Director is responsible for the other information. The other information comprises the information included in the annual report, including the Director's Comments on the Financial Statements and Statement on Internal Control, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinion on Regularity**

In our opinion, in all material respects the revenue and expense have been applied to the purposes intended by the Fund's Assembly and the financial transactions conform to the Financial Regulations.

### **Responsibilities of the Director**

The Director is responsible for the preparation of the financial statements and for such internal control as the Director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

In preparing the financial statements, the Director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Fund will continue in operation.

The Director is responsible for keeping adequate accounting records that are sufficient to show and explain the Fund's transactions and disclose with reasonable accuracy at any time the financial position of the Fund and enable the Director to ensure that the financial statements comply with the Fund regulations and IPSAS. The Director is also responsible for safeguarding the assets of the Fund and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Director is responsible for ensuring that transactions of the Fund are in accordance with the Financial Regulations and legislative authority.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Extent to which the audit was capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We considered results of our enquiries of the Secretariat, and the Audit Body about their own identification and assessment of the risks of irregularities.
- We considered any matters we identified having obtained and reviewed the Fund's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of noncompliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and

- the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations.
- We considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud is in relation to the provision for compensation and reporting of actual spend against budget. In common with all audits under ISAs, we are also required to perform specific procedures to respond to the risk of management override.
- We also obtained an understanding of the legal and regulatory frameworks that the Fund operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements and whether there had been any breaches of the Funds' Financial Regulations.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. These procedures included:

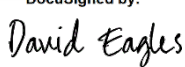
Testing of post year end events in relation to compensation claims and whether they met the provision criteria, reviewing the classification of transactions against budget activity lines, and testing of journals identified based on risk characteristics.

There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

### Use of our report

This report is made solely to the Assembly of the International Oil Pollution Compensation Fund 1992 / Supplementary Fund (the Assembly), as a body, in accordance with the Financial Regulations of the Fund and our engagement letter.

Our audit work has been undertaken so that we might state to the Assembly those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Assembly as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
  
 6514B0937C61408...

**David Eagles**, Partner

For and on behalf of **BDO LLP**

5 May 2023



# International Oil Pollution Compensation Funds

Audit Completion: Year ended 31 December 2022

Report to the Assembly



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# Welcome

## Introduction

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We have pleasure in presenting our External Audit Report to the Assembly for both the 1992 Fund and Supplementary Fund. This report is an integral part of our communication strategy with you, a strategy which is designed to ensure effective two way communication throughout the audit process with those charged with governance.

It summarises the results of completing the planned audit approach for the year ended 31 December 2022.

We look forward to discussing these matters with you at the Assembly meeting and to receiving your input.

We would also like to take this opportunity to thank the Management and staff of the IOPC Funds for their co-operation and assistance provided during the audit.

**David Eagles, Partner**  
For and on behalf of **BDO LLP**

Partner

19 May 2023



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This report has been prepared solely for the use of the Audit Body and Those Charged with Governance and should not be shown to any other person without our express permission in writing. In preparing this report we do not accept or assume responsibility for any other purpose or to any other person. For more information on our respective responsibilities please see the appendices.

# Overview

## Executive summary

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This summary provides an overview of the audit matters that we believe are important to the Assembly in reviewing the results of the financial statements for the 1992 Fund and the Supplementary Fund for the year ended 31 December 2022.

It is also intended to promote effective communication and discussion and to ensure that the results of the audit appropriately incorporate input from those charged with governance.

### Overview

We issued an unmodified audit opinion on the financial statements of both the 1992 Fund and Supplementary Fund, in line with the agreed timetable.

There were no significant changes to the planned audit approach and no additional significant audit risks have been identified.

No restrictions were placed on our work.

We did not identify any significant control weaknesses and we are not aware of any suspected, alleged or actual fraud.

Our testing did not identify any unadjusted audit differences. The adjusted differences are explained on the following page.

### Financial reporting

We have not identified any non-compliance with applicable accounting framework.

We have not identified any issues in respect of the going concern assertion.

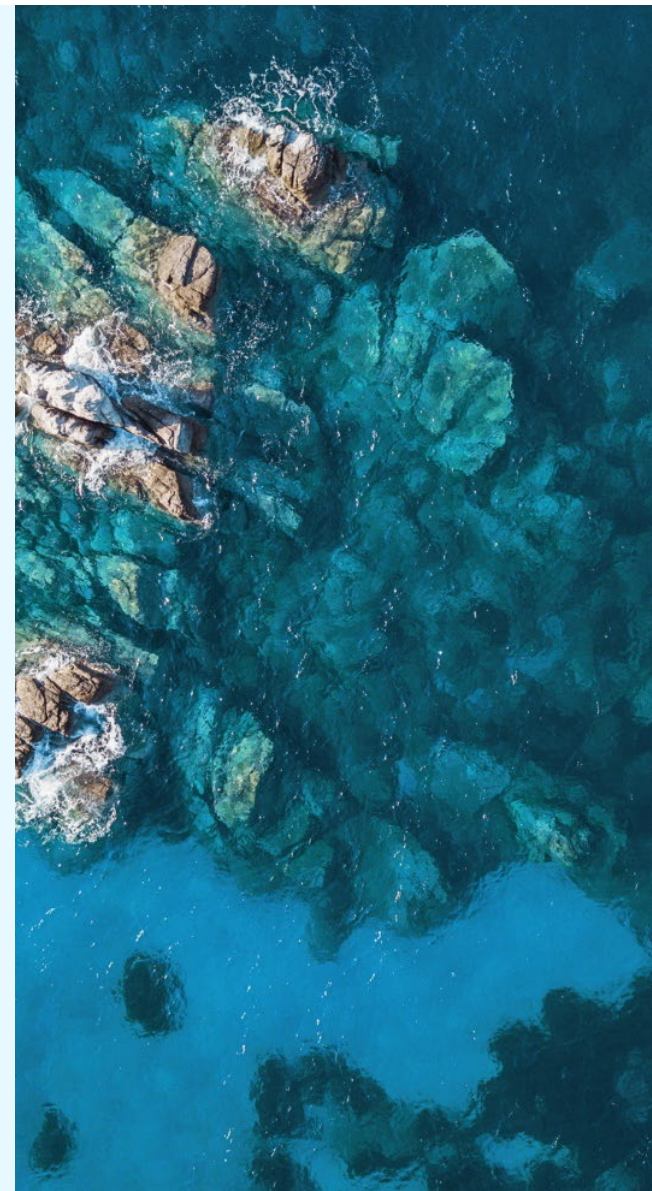
No significant accounting policy changes have been identified impacting the current year.

We have not identified any inconsistencies between the Director's Comments and the financial statements.

We have not identified any issues regarding the regularity of transactions.

### Independence

We confirm that the firm and its partners and staff involved in the audit remain independent of the International Oil Pollution Compensation Funds in accordance with the FRC's Ethical Standard.



# The numbers

## Executive summary

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### Final Materiality

Materiality was determined based on 4% of Net Assets for both the 1992 Fund and Supplementary Fund.

We have increased the 1992 Fund materiality from £1.86 million to £2.40 million as a result of an increase in final net assets compared to the two-years average for the prior years.

We have decreased the Supplementary Fund materiality slightly from £55,400 to £54,300 as a result of a decrease in final net assets compared to the two years average for the prior years.

### Specific Materiality

We have applied a lower specific materiality to transactions included in the Statement of Financial Performance. This has been based on 2.5% of gross expenditure for both Funds. This has been applied to our testing covering the financial statement areas for revenue and expenses.

The 1992 Fund specific materiality is £200,000 and the Supplementary Fund £1,000.

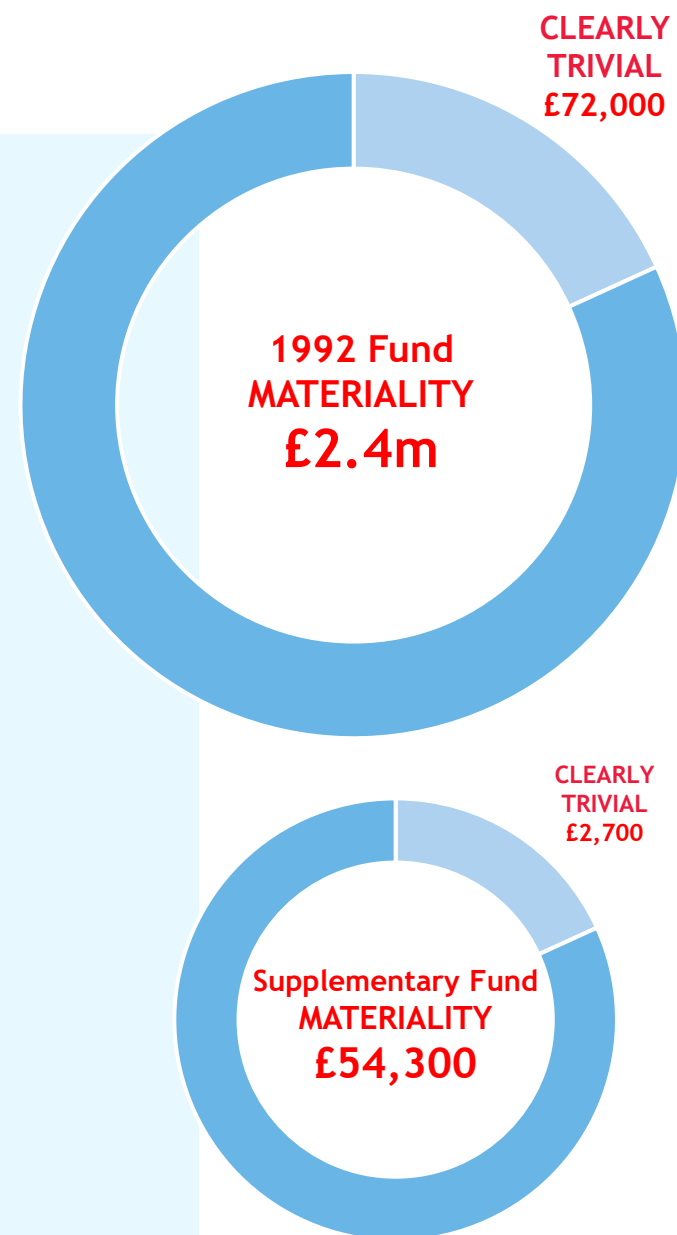
### Unadjusted audit differences

Our testing has not identified any unadjusted audit differences to report.

### Audit Adjustments

There were four audit differences in respect of the 1992 Fund identified by our audit work that were adjusted by the Secretariat. This decreased the draft surplus for the year of £13,190,203 by £763,710 and decreased draft net assets of £459,882,560 by £763,710.

There were no audit differences identified in respect of the Supplementary Fund.



# Overview of risks

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As identified in our Audit Planning Report dated 21 November 2022, and following our review of the draft accounts, we assessed the following matters as being the most significant risks of material misstatement in the financial statements. These include those risks which had the greatest effect on the overall audit strategy; the allocation of resources in the audit and the directing of the efforts of the engagement team.

#	Audit Risk	Fund Inherent Risk		Significant Management Judgement	Use of Experts Required	Adjusted error reported	Specific Letter of Representation Point
		1992 Fund	Supplementary				
1	Management override of controls	Significant	Significant	Yes	No	No	No
2	Compensation payments, provisions, and contingent liabilities	Significant	No Risk	Yes	Yes	Yes	Yes
3	Treatment of STOPIA Transactions	Significant	No Risk	Yes	No	Yes	No
4	Reporting of expenditure Actuals against Budget	Significant	Significant	No	No	No	No
5	Disclosures in other information	Elevated	No Risk	No	No	Yes	No
6	Contributions revenue	Elevated	No Risk	No	No	No	No
7	Cash deposit limits	Elevated	Elevated	No	No	No	Yes
8	Provident Fund withdrawals	Elevated	No Risk	No	No	No	No
9	Provision for contributions receivable	Elevated	No Risk	Yes	No	No	No

# Risk 1

## Management override of controls

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	C	E	A	V	P	2022	2021
Management Override	✓	✓	✓	✓	✓	N/A	N/A

### Risk description

ISA (UK) 240 - The auditor's responsibilities relating to fraud in an audit of financial statements requires us to presume that the risk of management override of controls is present and significant in all entities.

### Details

We carried out the following planned audit procedures:

- Tested the appropriateness of journal entries with key risk characteristics recorded in the general ledger and other adjustments made in the preparation of the financial statements
- Reviewed estimates and judgements applied by the Secretariat in the financial statements to assess their appropriateness and the existence of any systematic bias
- Considered unadjusted audit differences for indication of bias or deliberate misstatement.

### Results

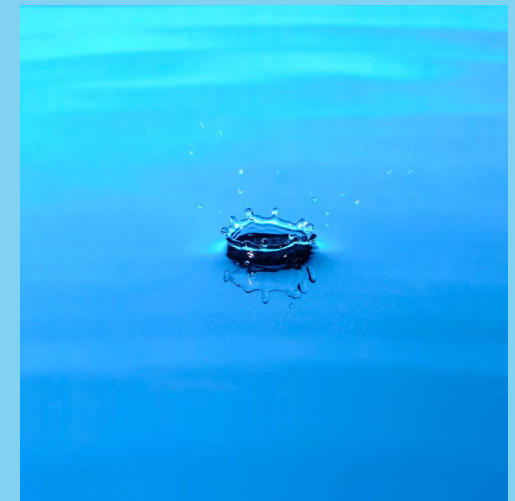
- Our audit work on journals did not identify any inappropriate entries in respect of the 1992 Fund or the Supplementary Fund.
- Our views on significant management estimates in respect of compensation provisions are set out in this report and do not indicate any evidence of systematic bias in preparing the 1992 Fund financial statements.
- There are no unadjusted audit differences to report in respect of the 1992 Fund and the Supplementary Fund.

### Conclusion

We have not identified any significant or unusual transactions which we consider to be indicative of fraud in relation to management override of controls in respect of both the 1992 Fund and Supplementary Fund.

In the box above, and on the following pages, C, E, A, V, and P correspond to *Completeness, Existence, Accuracy, Valuation, and Presentation*.

● Significant risk
Elevated risk
● Fraud risk
Related controls identified to mitigate risk
● Significant Management estimates & judgements
Controls testing approach
● Substantive testing approach





# Risk 2

## Compensation payments, provisions, and contingent liabilities

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	C	E	A	V	P	2022	2021
Compensation claims		✓	✓			£4,883,625	£1,317,433
Provision for compensation	✓			✓		£3,255,214	£2,339,569
Contingent liabilities				✓	✓	Narrative	Narrative

### Risk description

- Key issues relating to claims provisions include determining the point at which a claim should be recognised and the validity and completeness of that claim. This is both an accounting treatment issue and one where IOPC Funds needs to place heavy reliance on external parties.
- The IOPC Funds rely heavily upon the use of technical experts in a variety of fields for the assessment of compensation claims prior to payment. The use of external experts introduces an inherent risk that the individuals or organisations engaged will not be sufficiently independent, objective or competent to carry out their role effectively.

### Details

We carried out the following planned audit procedures:

- Evaluated the independence, objectivity, and competency of all claims' experts
- Tested an increase sample of claims recognised in the year to the assessment and approval and trace to payment if paid
- Evaluated all outstanding claims at the year-end against the provision recognition criteria and reviewed post year-end events to determine an auditor point estimate.
- Checked the accuracy of contingent liability

disclosures to supporting evidence.

### Results

- All experts used were assessed as independent, objective, and competent.
- All claims tested substantively were agreed to expert assessments and payment approvals.
- The post year-end review identified three claims which had been approved since the draft statements and therefore met the recognition criteria. These have been included in the adjusted audit differences.
- The contingent liability disclosures are considered to be accurate and complete.

### Discussion and conclusion

We identified additional claims to be provided for which have been corrected.

On 3 April 2023 the Supreme Court decided that the Bow Jubail incident qualified as a ship under the 1992 CLC. Adjustment has been made to both the contingent liabilities note and the events after reporting date note to reflect this, including a €36m additional contingency. The Secretariat stated that no other existing or historical incident will be affected by this judgement.

We sought specific representations over the judgements and assumptions that the Secretariat used to estimate compensation provisions and contingent liabilities.

● Significant risk
Elevated risk
● Fraud risk
● Related controls identified to mitigate risk
● Significant Management estimates & judgements
Controls testing approach
● Substantive testing approach





# Risk 3

## Treatment of STOPIA Transactions

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	C	E	A	V	P	2022	2021
Compensation claims		✓	✓		✓	£4,883,625	£1,317,433
Other revenue		✓	✓		✓	£4,125,455	£2,282,108

### Risk description

- There were material STOPIA transactions in the year, which has not been the case for many years. As these are unusual transactions that are not processed regularly this is an inherent risk that the accounting treatment is incorrect.

### Details

We carried out the following planned audit procedures:

- Tested the STOPIA accounting policy disclosure against the IPSAS requirements
- Evaluated the nature of the transactions against IPSAS criteria and confirmed if the accounting treatment is appropriate.
- Agreed the accuracy of the STOPIA transactions to supporting evidence.

### Results

- For the STOPIA transactions, we obtained the supporting information and verified that the accounting treatment was in line with the substance of the transaction.

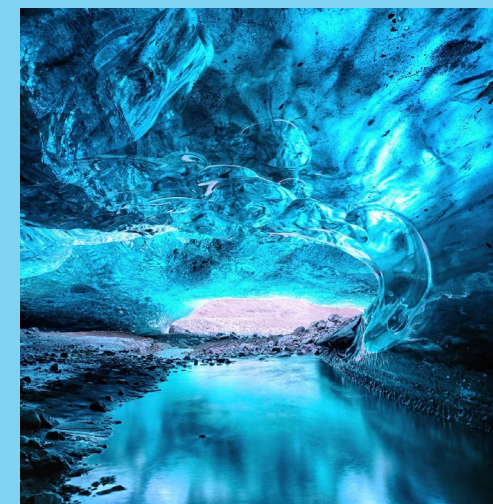
- We also verified the treatment of reimbursed claims as miscellaneous income.
- Our audit work identified one issue whereby a P&I ex gratia payment was incorrectly included in the financial statements. This amount was above the approved assessment made by the Funds and therefore the Funds are not acting as a principal for this part of the transaction, and it should not be included in the financial statements. It was not initially identified as it was a foreign currency payment and made by the P&I club together with the assessed claim payment. There were audit adjustments to the income and expenditure required in this respect.

### Discussion and conclusion

We have concluded the gross presentation of the STOPIA transactions are appropriate and with the difference identified corrected, are also presented accurately.

The accounting policy disclosures are sufficient.

● Significant risk
Elevated risk
Fraud risk
Related controls identified to mitigate risk
● Significant Management estimates & judgements
Controls testing approach
● Substantive testing approach



# Risk 4

## Reporting of expenditure Actuals against Budget

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	C	E	A	V	P	2022	2021
Statement V		✓	✓		✓	£4,558,225	£4,014,883

### Risk description

- The Statement of Comparison of Budget and Actual amounts presents an inherent risk of management bias or manipulation in reporting actual expenditure against the approved appropriations.
- There is a risk expenditure is classified inappropriately or reclassified to ensure actuals do not exceed the total budget approved.

### Details

We carried out the following planned audit procedures:

- We reviewed the reconciliation from statement V (modified cash basis) to the Financial Statements (accruals basis). We assessed each adjustment made between the expenditure statement and Statement V on whether it was appropriate to be adjusted for and confirmed the amount adjusted to where we had tested the item elsewhere in accounts.
- Tested the operating effectiveness of the classification review and approval of transactions before they are posted.
- Tested the classification of expenditure codes and a sample of transactions against the classes of expenditure in the Statement.

- Agreed the disclosed budget to assembly approval and any subsequent revisions.

### Results

- Our review of the budget to statements reconciliation identified no issues.
- We found the review and approval of transactions control was operating effectively throughout the year.
- All sampled expenditure items were agreed to supporting evidence and found to be appropriately classified against budget activity lines.
- We agreed the accuracy of the disclosed budget amounts to the Assembly's approval and the actual outturn to recorded transactions.

### Discussion and conclusion

We have identified no issues regarding the reporting of expenditure actuals against budget activities.

● Significant risk
Elevated risk
● Fraud risk
● Related controls identified to mitigate risk
Significant Management estimates & judgements
● Controls testing approach
● Substantive testing approach



# Risk 5

Disclosures in other information

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	C	E	A	V	P	2022	2021
Other information					✓	Narrative	Narrative

**Risk description**

► There is a risk that the narrative and financial information disclosures in the other information is incorrect or inconsistent with the financial statements.

**Details**

We carried out the following planned audit procedures:

► Reviewed the other information for consistency with the financial statements.

► Agreed disclosures to supporting evidence or the financial statements.

**Results**

Our review of the other information identified no inconsistencies with the financial statements and our knowledge from the audit.

We agreed all disclosures to supporting evidence or to the financial statements where they had been tested.

**Discussion and conclusion**

We are satisfied there are no inconsistencies between the other information and financial statements and identified no disclosure errors.

Significant risk
● Elevated risk
Fraud risk
Related controls identified to mitigate risk
Significant Management estimates & judgements
Controls testing approach
● Substantive testing approach



# Risk 6

## Contributions revenue

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	C	E	A	V	P	2022	2021
Contributions		✓	✓			£15,936,974	£97,402
Contributions receivable		✓	✓			£1,314,856	£1,019,410

### Risk description

- There is a risk that contribution income recognised in the year is calculated based on inaccurate or untimely reports submitted to the Secretariat, or is calculated incorrectly.
- We consider there to be a low inherent risk around the complexity and uncertainty of this revenue stream. The calculation of contributions is non-complex however there is opportunity for error as it relies on data, in the form of oil reports, which may be unreliable.

### Details

We carried out the following planned audit procedures:

- Tested the operating effectiveness of the controls over the calculation, processing, and posting of contributions.
- For a sample of contributions agreed to supporting evidence and recalculated the amounts to agree the accuracy.

### Results

- We found the review of oil reports and contribution invoices were operating effectively throughout the year.
- Agreed all sampled contributions to supporting evidence and found no errors on recalculation of contribution amounts recorded.

### Discussion and conclusion

We have identified no errors or control findings regarding contributions revenue.

### Significant risk

- Elevated risk
- Fraud risk
- Related controls identified to mitigate risk
- Significant Management estimates & judgements
- Controls testing approach
- Substantive testing approach





# Risk 7

## Cash deposit limits

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	C	E	A	V	P	2022	2021
Cash					✓	£65,365,182	£52,864,731

### Risk description

- There is an inherent risk that deposit limits were breached in the year due to the complexity of the monitoring and that any breaches were not identified and disclosed.

### Details

We carried out the following planned audit procedures:

- Reviewed all deposit counter parties against the permitted list of institutions
- Confirmed all year end balances with institutions were below the permitted limits
- Performed a review of all balances throughout the year by counterparty to identify any breaches of the limits.

### Results

All counter parties were found to be on the permitted list of institutions.

Our review found all year end balances and balances throughout the year were within the limits allowed by the Funds' financial regulations.

### Discussion and conclusion

We identified no instances of breaches of the deposit limits permitted by the financial regulations.

Significant risk
● Elevated risk
Fraud risk
● Related controls identified to mitigate risk
Significant Management estimates & judgements
Controls testing approach
● Substantive testing approach



# Risk 8

## Provident Fund withdrawals

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	C	E	A	V	P	2022	2021
Provident Fund		✓		✓	✓	£5,404,231	£5,704,161

### Risk description

- There were material withdrawals from the Provident Fund and there is an inherent risk due to complexity that the withdrawals are not calculated or recorded in accordance with the Funds' rules.

### Details

We carried out the following planned audit procedures:

- Reconciled the disclosures to the supporting withdrawals evidence.
- Tested all withdrawals to evidence to agree the amount was accurate, in accordance with staff rules, and has been recorded correctly on the employee's account.

### Results

- We reconciled the disclosed withdrawals to the payroll reports and related transactions.
- We found all withdrawals had been recorded accurately and been made in accordance with the staff rules.

### Discussion and conclusion

We have identified no issues related to the Provident Fund withdrawals.

### Significant risk

- Elevated risk

### Fraud risk

- Related controls identified to mitigate risk

### Significant Management estimates & judgements

### Controls testing approach

- Substantive testing approach



# Risk 9

## Provision for contributions receivable

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	C	E	A	V	P	2022	2021
Provision for contributions and interest				✓		£241,379	£242,925

**Risk description**

- There is an inherent risk that contributions receivable are not recoverable and have not been provided for in line with the Funds’ specific criteria for when contributions can be provided against.

**Details**

- We carried out the following planned audit procedures:
- Tested a sample of contributions receivable provided for to supporting evidence to agree the amount and whether the basis for provision is in line with the Funds’ criteria.
  - For a sample of contributions receivable without provision we considered if there were any indicators that the provision criteria had been met and vouched to supporting evidence.

**Results**

- All sampled provisions were found to meet the Fund’s criteria for provision and the provision amount was accurate.
- We did not identify any contributions receivable which met the criteria which had not been provided for.

**Discussion and conclusion**

We have identified no issues regarding the provision for contributions and interest.

Significant risk
● Elevated risk
Fraud risk
Related controls identified to mitigate risk
● Significant Management estimates & judgements
Controls testing approach
● Substantive testing approach



# Matters requiring additional consideration

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## Fraud

Whilst the Director has ultimate responsibility for prevention and detection of fraud, we are required to obtain reasonable assurance that the financial statements are free from material misstatement, including those arising as a result of fraud. Our audit procedures did not identify any fraud. We will seek confirmation from you whether you are aware of any known, suspected or alleged frauds since we last enquired when presenting the audit plan on 21 November 2022.

## Laws and regulations

The most significant consideration(s) for the IOPC Funds are the IOPCF Founding Conventions. These are The International Convention on Civil Liability for Oil Pollution Damage (1992) and the International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage (1992).

We made enquiries of the Secretariat and referred to the Conventions throughout the audit.

We did not identify any non-compliance with laws and regulations that could have a material impact on the financial statements.

## Going concern

We have nothing to report in respect of the Funds' assessment of the applicability of the going concern basis of accounting or the Funds' ability to continue as a going concern for a period of at least twelve months from the date of approval of the financial statements.

There are no material uncertainties in relation to going concern disclosed in the financial statements or of which we are aware that we need to draw attention to in our report.

## Regularity

We are required to give an opinion on whether, in all material respects, the Funds' expenditure and income have been applied to the purposes intended by the Fund Assemblies and in accordance with the Funds' Financial Regulations.

No issues have been identified in respect of regularity, and no evidence that Financial Regulations have been breached.

## Related parties

Whilst you are responsible for the completeness of the disclosure of related party transactions in the financial statements, we are also required to consider related party transactions in the context of fraud as they may present greater risk for Secretariat override or concealment or fraud.

We did not identify any significant matters in connection with related parties.

## Subsequent Events

We identified two events after the reporting date for which additional disclosures have been included in the financial statements. These were regarding the new Princess Empress incident on 28 February 2023 and the judgement on proceedings in the case of Bow Jubail as detailed on page 8 of our report. We consider the additional disclosures to be adequate and have been made aware of no other events up to the date of authorisation of the financial statements.

## Control Environment Findings

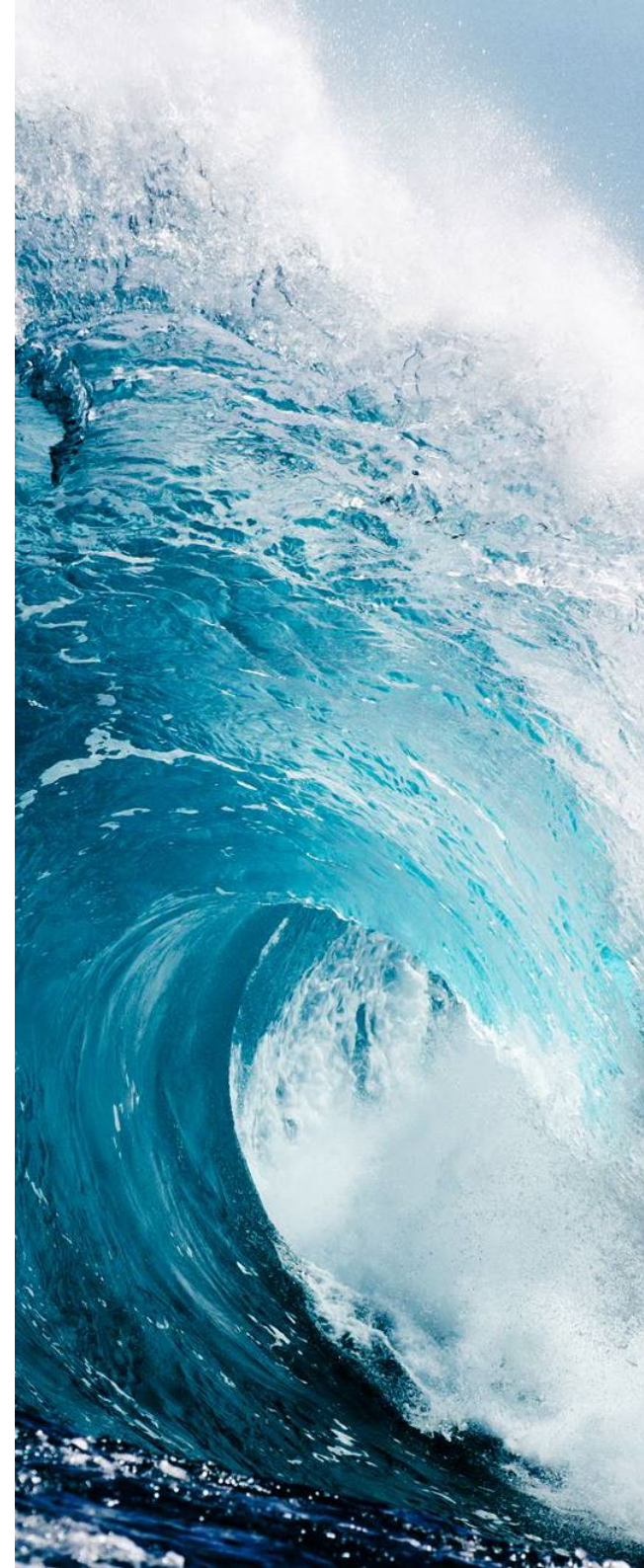
We have not identified any significant deficiencies in the control environment as part of the audit.

Additionally, there are no prior year recommendations outstanding which have not yet been implemented.



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# Audit quality

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## **BDO is totally committed to audit quality**

It is a standing item on the agenda of BDO's Leadership Team who, in conjunction with the Audit Stream Executive (which works to implement strategy and deliver on the audit stream's objectives), monitor the actions required to maintain a high level of audit quality within the audit stream and address findings from external and internal inspections.

BDO welcomes feedback from external bodies and is committed to implementing a necessary actions to address their findings.

We recognise the importance of continually seeking to improve audit quality and enhancing certain areas. Alongside reviews from a number of external reviewers, the AQR (the Financial Reporting Council's Audit Quality Review team), QAD (the ICAEW Quality Assurance Department) and the PCAOB (Public Company Accounting Oversight Board who oversee the audits of US companies), the firm undertakes a thorough annual internal Audit Quality Assurance Review and as member firm of the BDO International network we are also subject to a quality review visit every three years.

We have also implemented additional quality control review processes for all listed and public interest audits.

More details can be found in our Transparency Report at [www.bdo.co.uk](http://www.bdo.co.uk)



# ISA (UK) 315 Revised (June 2020) identifying and assessing the risks of material misstatement

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The standard introduces significant changes in approach to risk identification and assessment, which are intended to drive a more focused response from auditors to identified risks. There are some implications for the way that we carry out our audits which include the following:

- Our risk assessment procedures are to be designed and performed in such a way that the information obtained provides an appropriate basis to identify and assess the risks of material misstatement, whether due to fraud or error, at the financial statement and assertion level. Approaching risk assessment procedures in this way facilitates targeted test design, focusing on the areas that really matter.
- We will put an increased focus on understanding the IT environment and the entity's system of internal control
- The way that we assess risk will be enhanced to consider:
  - Inherent Risk of material misstatement and Control Risk separately
  - Clearly defined inherent risk factors to enhance inherent risk assessment
  - A broader spectrum of risk categories which will involve a more granular consideration of risk
- A new stand-back requirement for material classes of transactions, balances and disclosures.

Two of the key benefits to these changes are expected to be:

- An ability to scale and flex our audit approach to the specific circumstances of the audited entity
- Clearer link between the risk and the resulting work effort, to ensure we put audit effort where it is needed.

## Effective Date

- The ISA is effective for audits of financial statements for periods beginning on or after 15 December 2021.

## How does this impact your audit?

- BDO Risk Identification and Assessment Methodology has been revised to comply with the requirements of the revised ISA.
- Your audit team expect to spend more time understanding the entity at the planning phase of the audit, spending more time planning, and the planning will be a more interactive **and iterative** process.
- Audit fees will reflect our increased investment in complying with these new requirements, particularly in the first year.
- As a product of this additional focus, you may receive greater insight into your control environment and have a better understanding of our assessment of risks and what could go wrong in your financial reporting processes.



For more information:

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The matters raised in our report prepared in connection with the audit are those we believe should be brought to your attention. They do not purport to be a complete record of all matters arising. This report is prepared solely for the use of the Funds and may not be quoted nor copied without our prior written consent. No responsibility to any third party is accepted.

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## SECTION THREE

### THE FINANCIAL STATEMENTS OF THE INTERNATIONAL OIL POLLUTION COMPENSATION FUND 1992 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

#### CERTIFICATION OF THE FINANCIAL STATEMENTS

We certify that to the best of our knowledge and information, all transactions during the period have been properly entered in the accounting records and that these transactions together with the appended Financial Statements numbered I to V and notes, details of which form part of this document, fairly present the financial position of the International Oil Pollution Compensation Fund 1992 as at 31 December 2022.



Gaute Sivertsen  
Director



Claire Montgomery  
Chief of Finance

2 May 2023

INTERNATIONAL OIL POLLUTION COMPENSATION FUND 1992  
STATEMENT I  
Statement of Financial Position  
At 31 December 2022

		31-Dec-22	31-Dec-21
	Note	£	£
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	2	65 365 182	52 864 731
Contributions receivable	3, 5	1 314 856	1 019 410
Other receivables	4, 5	881 086	491 797
Staff Provident Fund (externally managed)	14	950 668	1 494 419
<b>Total current assets</b>		<b>68 511 792</b>	<b>55 870 357</b>
<b>Non-current assets</b>			
Due from HNS Fund	6	507 240	470 436
Property, plant and equipment	7	55 401	45 298
Intangible assets	8	-	-
<b>Total non-current assets</b>		<b>562 641</b>	<b>515 734</b>
<b>TOTAL ASSETS</b>		<b>69 074 433</b>	<b>56 386 091</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables and accruals	9	439 225	270 743
Provision for compensation	10	3 255 214	2 339 569
Provision for employee benefits (short term)	11	321 137	319 219
Prepaid contributions	12	80 897	549 627
Contributors' account	13	129 263	142 732
<b>Total current liabilities</b>		<b>4 225 736</b>	<b>3 621 890</b>
<b>Non-current liabilities</b>			
Staff Provident Fund	14	5 404 231	5 704 161
Provision for employee benefits (long term)	11	325 863	367 683
<b>Total non-current liabilities</b>		<b>5 730 094</b>	<b>6 071 844</b>
<b>TOTAL LIABILITIES</b>		<b>9 955 830</b>	<b>9 693 734</b>
<b>NET ASSETS</b>		<b>59 118 603</b>	<b>46 692 357</b>
<b>BALANCES</b>			
		<b>31-Dec-22</b>	<b>31-Dec-21</b>
General Fund		19 403 395	11 755 747
<i>Prestige</i> Major Claims Fund		422 560	481 734
<i>Hebei Spirit</i> Major Claims Fund		7 629 195	7 655 119
<i>Alfa I</i> Major Claims Fund		235 990	264 506
<i>Agia Zoni II</i> Major Claims Fund		27 112 878	26 172 616
<i>Nesa R3</i> Major Claims Fund		334 586	362 635
Incident in Israel Major Claims Fund		3 979 999	-
<b>GENERAL FUND &amp; MAJOR CLAIMS FUNDS (MCFs)</b>	<b>15</b>	<b>59 118 603</b>	<b>46 692 357</b>
<b>BALANCES</b>			

Notes are found on pages 53–87.

INTERNATIONAL OIL POLLUTION COMPENSATION FUND 1992  
STATEMENT II  
Statement of Financial Performance  
For the year ended 31 December 2022

		2022	2021
	Note	£	£
<b>REVENUE</b>			
Contributions	17	15 936 974	97 402
Contributions-in-kind	18	206 400	206 400
Interest on investments		574 996	68 523
Other revenue	19	4 125 455	2 282 108
<b>Total revenue</b>		<b>20 843 825</b>	<b>2 654 433</b>
<b>EXPENSES</b>			
Compensation claims	20	4 883 625	1 317 433
Claims-related expenses	21	703 102	1 100 429
Personnel costs	22	3 186 723	2 985 152
Other administrative costs	22	1 541 268	1 198 777
Currency exchange differences	24	(1 895 593)	1 370 862
(Decrease)/increase in provision for contributions and interest on overdue contributions	5	(1 546)	2 435
<b>Total expenses</b>		<b>8 417 579</b>	<b>7 975 088</b>
<b>(DEFICIT)/SURPLUS FOR THE YEAR</b>		<b>12 426 246</b>	<b>(5 320 655)</b>

Notes are found on pages 53–87.

## INTERNATIONAL OIL POLLUTION COMPENSATION FUND 1992

## STATEMENT III

Statement of Changes in Net Assets  
For the year ended 31 December 2022

Accumulated surpluses / Fund balances									
		General Fund	<i>Prestige</i> MCF	<i>Hebei Spirit</i> MCF	<i>Alfa I</i> MCF	<i>Agia Zoni II</i> MCF	<i>Nesa R3</i> MCF	Incident in Israel MCF	Total
	Note	£	£	£	£	£	£	£	£
<b>TOTAL NET ASSETS at 31 December 2020</b>	<b>25</b>	<b>16 083 278</b>	<b>534 111</b>	<b>5 747 560</b>	<b>380 614</b>	<b>28 893 709</b>	<b>373 740</b>	<b>-</b>	<b>52 013 012</b>
Surplus/(deficit) for the year ended 31 December 2021	25	(4 327 531)	(52 377)	1 907 559	(116 108)	(2 721 093)	(11 105)	-	(5 320 655)
<b>TOTAL NET ASSETS at 31 December 2021</b>	<b>25</b>	<b>11 755 747</b>	<b>481 734</b>	<b>7 655 119</b>	<b>264 506</b>	<b>26 172 616</b>	<b>362 635</b>	<b>-</b>	<b>46 692 357</b>
Surplus/(deficit) for the year ended 31 December 2022	25	7 647 648	(59 174)	(25 924)	(28 516)	940 262	(28 049)	3 979 999	12 426 246
<b>TOTAL NET ASSETS at 31 December 2022</b>	<b>25</b>	<b>19 403 395</b>	<b>422 560</b>	<b>7 629 195</b>	<b>235 990</b>	<b>27 112 878</b>	<b>334 586</b>	<b>3 979 999</b>	<b>59 118 603</b>

Notes are found on pages 53–87.



INTERNATIONAL OIL POLLUTION COMPENSATION FUND 1992  
STATEMENT IV  
Statement of Cash Flow  
For the year ended 31 December 2022

	Note	2022 £	2021 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Surplus/(deficit) for the period</b>		12 426 246	(5 320 655)
Adjustment for:			
Interest on investment <sup>&lt;8&gt;</sup>		(574 996)	(68 523)
Unrealised foreign exchange (gains)/losses		(1 823 787)	1 372 219
Depreciation and amortization	7, 8	21 469	27 158
		<b>10 048 932</b>	<b>(3 989 801)</b>
(Increase)/decrease in receivables	3, 4, 5, 6, 14	(177 758)	927 581
Increase/(decrease) in payables & accruals	9, 13	152 869	31 547
Increase/(decrease) in provisions	10, 11	743 433	1 117 678
Increase/(decrease) in Provident Fund (less interest)	14	(392 596)	(1 256 780)
Increase/(decrease) in prepaid contributions	12	(468 730)	549 627
<b>Net cash flow from operating activities</b>		<b>9 906 150</b>	<b>(2 620 148)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest earned <sup>&lt;9&gt;</sup>		669 445	169 474
Increase in property, plant and equipment	7	(31 572)	(9 378)
<b>Net cash flow from investing activities</b>		<b>637 873</b>	<b>160 096</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>10 544 023</b>	<b>(2 460 052)</b>
Cash and cash equivalents at beginning of the year		52 864 731	56 762 192
Exchange (losses)/gains on cash and cash equivalents		1 956 428	(1 437 409)
<b>Cash and cash equivalents at end of the year</b>	2	<b>65 365 182</b>	<b>52 864 731</b>

Notes are found on pages 53–87.

<sup><8></sup> Interest earned from investing the assets of the General Fund.

<sup><9></sup> Interest earned from investing the assets of the General Fund and credit balances held by contributors.

INTERNATIONAL OIL POLLUTION COMPENSATION FUND 1992 — STATEMENT V  
GENERAL FUND — JOINT SECRETARIAT EXPENDITURE  
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
For the year ended 31 December 2022

CLASS OF EXPENDITURE		NOTE	BUDGET APPROPRIATIONS		BUDGET OUT-TURN		BALANCE OF APPROPRIATIONS	
			2022	2021	2022	2021	2022	2021
			£	£	£	£	£	£
<b>I</b>	<b>PERSONNEL</b>							
a	Salaries		2 241 908	2 198 676	2 160 427	2 060 616	81 481	138 060
b	Separation and recruitment		120 000	120 000	197 019	159 412	(77 019)	(39 412)
c	Staff benefits, allowances and training		913 968	915 102	850 797	806 564	63 171	108 538
d	Conscious rewarding scheme		20 000	20 000	950	2 250	19 050	17 750
			<b>3 295 876</b>	<b>3 253 778</b>	<b>3 209 193</b>	<b>3 028 842</b>	<b>86 683</b>	<b>224 936</b>
<b>II</b>	<b>GENERAL SERVICES</b>							
a	Office accommodation		192 902	188 109	180 002	169 760	12 900	18 349
b	IT (hardware, software, maintenance and connectivity)		448 000	378 400	431 019	360 329	16 981	18 071
c	Furniture and other office equipment		21 000	17 000	30 619	9 840	(9 619)	7 160
d	Office stationery and supplies		9 000	9 000	3 216	3 457	5 784	5 543
e	Communications (courier, telephone, postage)		28 000	26 000	9 387	12 306	18 613	13 694
f	Other supplies and services		22 000	22 000	18 531	37 916	3 469	(15 916)
g	Representation (hospitality)		20 000	20 000	26 451	4 176	(6 451)	15 824
h	Public information		98 000	98 000	85 587	38 171	12 413	59 829
			<b>838 902</b>	<b>758 509</b>	<b>784 812</b>	<b>635 955</b>	<b>54 090</b>	<b>122 554</b>
<b>III</b>	<b>MEETINGS</b>		<b>130 000</b>	<b>110 000</b>	<b>73 897</b>	<b>114 306</b>	<b>56 103</b>	<b>(4 306)</b>
<b>IV</b>	<b>TRAVEL</b>							
	Conferences, seminars and missions		<b>100 000</b>	<b>100 000</b>	<b>104 977</b>	-	<b>(4 977)</b>	<b>100 000</b>
<b>V</b>	<b>OTHER EXPENDITURE</b>							
a	Consultants' fees		150 000	150 000	32 945	30 223	117 055	119 777
b	Audit Body		200 000	196 000	200 326	72 585	(326)	123 415
c	Investment Advisory Body		81 000	80 000	86 167	79 372	(5 167)	628
			<b>431 000</b>	<b>426 000</b>	<b>319 438</b>	<b>182 180</b>	<b>111 562</b>	<b>243 820</b>
<b>VI</b>	<b>UNFORESEEN EXPENDITURE</b>		<b>60 000</b>	<b>60 000</b>	-	-	<b>60 000</b>	<b>60 000</b>
<b>TOTAL I – VI (excluding External Audit fees)</b>			<b>4 855 778</b>	<b>4 708 287</b>	<b>4 492 317</b>	<b>3 961 283</b>	<b>363 461</b>	<b>747 004</b>
<b>VII</b>	<b>EXTERNAL AUDIT FEES (1992 Fund only)</b>		<b>53 600</b>	<b>53 600</b>	<b>65 908</b>	<b>53 600</b>	<b>(12 308)</b>	-
<b>TOTAL EXPENDITURE I–VII</b>			<b>4 909 378</b>	<b>4 761 887</b>	<b>4 558 225</b>	<b>4 014 883</b>	<b>351 153</b>	<b>747 004</b>

Notes are found on pages 53–87.

## NOTES TO FINANCIAL STATEMENTS

### Note 1 — Accounting policies

- 1.1 These Financial Statements have been prepared on a consistent basis with prior years in accordance with Financial Regulation 12.3 of the International Oil Pollution Compensation Fund 1992 (1992 Fund) and in compliance with International Public Sector Accounting Standards (IPSAS).
- 1.2 No new IPSAS have been issued in 2022 and no modifications to existing IPSAS have been made that would affect the preparation of the 2022 Financial Statements. There have been no changes in the operation of the Funds, which might necessitate a review of applicable accounting standards.
- 1.3 The principal accounting policies followed in arriving at the financial information given in the respective statements are set out below (paragraphs 1.4 to 1.18).
- 1.4 Basis of preparation
- 1.4.1 The Financial Statements of the 1992 Fund have been prepared on the accruals basis of accounting in accordance with IPSAS, using the historical cost convention.
- 1.4.2 In accordance with the 1992 Fund's Financial Regulations:
- (a) the financial year is the calendar year; and
  - (b) the functional and reporting currency of the 1992 Fund is pounds sterling.
- 1.4.3 The preparation of Financial Statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the date of the statement of financial position and the amounts reported for income and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.
- 1.4.4 No significant judgements have been made in applying the 1992 Fund's accounting policies other than those involving estimation.
- 1.4.5 The management has made estimations for the following which have the most significant effect on the amounts recognised in the Financial Statements:
- (a) compensation provision; and
  - (b) employee benefit provision.
- 1.5 Fund accounting and segment reporting
- 1.5.1 The Financial Statements are prepared on the entity basis, showing at the end of the period the consolidated position of all funds controlled by the 1992 Fund. A fund is a self-balancing accounting entity established to account for the transactions of a specified purpose or objective.
- 1.5.2 The 1992 Fund classifies its fund activities into segments on the basis of a General Fund and Major Claims Funds, as laid down in Financial Regulation 7. Fund balances represent the accumulated residual of revenue and expenses.
- 1.5.3 The General Fund covers the 1992 Fund's expenses for the administration of the organisation and for compensation payments and claims-related expenditure up to a maximum amount of the

pounds sterling equivalent of SDR 4 million per incident (Financial Regulation 7.1(c)(i)), converted at the rate applicable on the date of the incident. Working capital is maintained within the General Fund.

- 1.5.4 Separate Major Claims Funds are established for incidents where the total amount payable by the 1992 Fund exceeds SDR 4 million (Financial Regulation 7.2(d)).

*Inter-fund loans*

- 1.5.5 Interest on any loan made between the General Fund and a Major Claims Fund is calculated at a preferential rate of 0.25% above the lowest London clearing bank base rate.

1.6 Revenue

*Contributions*

- 1.6.1 Income from contributions is treated as revenue from non-exchange transactions and is based on levies approved by the 1992 Fund Assembly that are due in the financial period. Such income from contributions is recognised only after the contributions are invoiced on the basis of figures on contributing oil receipts reported by Member States.
- 1.6.2 In cases of contributions relating to previous levies based on late or amended oil reports submitted, the amount is recognised as income on the date of the invoice.

*Interest on investments*

- 1.6.3 Interest income on deposits is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable on a straight-line basis over the period of the investment.

*Interest on overdue contributions*

- 1.6.4 Income from interest on contributions comprises interest accrued on all contributions overdue at the end of the reporting period. No interest is charged on overdue interest.

*Interest on loans to the HNS Fund*

- 1.6.5 Interest on any loan made to the HNS Fund is calculated at a preferential rate of 0.25% above the lowest London clearing bank base rate.

1.7 Expenses

*Foreign currency transactions*

- 1.7.1 In accordance with Financial Regulation 10.4(a), the 1992 Fund's assets shall be held in pounds sterling, or, if the Director considers it appropriate, in other currencies, to meet claims and claims-related expenses.

*Joint Secretariat's administrative expenses*

- 1.7.2 The cost of running the joint Secretariat is borne by the 1992 Fund except for the External Auditor's fees for the 1992 Fund and the Supplementary Fund, which are paid for by the respective Fund. The 1992 Fund receives a flat management fee decided by the governing bodies towards the joint Secretariat's administrative costs for the reporting period in respect of time spent on work done for the Supplementary Fund.

## *Leases*

- 1.7.3 Expenditure incurred under an operating lease, where the substantial risks and rewards of ownership are retained by the lessor, is charged on a straight-line basis over the life of the lease.

## *Taxes*

- 1.7.4 Expenditure for goods and services is net of taxes.

## 1.8 STOPIA 2006 reimbursements

For incidents that fall under STOPIA 2006, reimbursement due from the shipowner's insurer (Protection and Indemnity insurance (P&I Club)) of compensation paid by the 1992 Fund is presented as revenue, and the corresponding expense is presented as compensation claims expense.

## 1.9 Currency translation

- 1.9.1 For the translation of all cash, receivables, payables and provisions held at the end of the reporting period in currencies other than pounds sterling, the rate applied is the rate of exchange for the pound sterling against various currencies on the last banking day of the financial year as published in the London Financial Times (rates are derived from WM/Reuters spot rates and Morningstar) (known as the FT rate).

- 1.9.2 Bank ledgers are maintained in the currency of the bank account. Receivables, payables and provisions are recorded in the currency of the asset or liability.

## 1.10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at banks and term deposits.

## 1.11 Financial instruments

- 1.11.1 Financial instruments held in pounds sterling to maturity and where the interest is also received in pounds sterling have been treated at the year-end as normal term deposits. As such, they are stated at the value of the investment made (historical cost) and interest is accrued as normal.

- 1.11.2 Amounts either paid to or received from financial institutions in respect of hedging instruments are treated as 'finance cost of hedging instrument' or 'income from hedging instrument', respectively.

- 1.11.3 Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Financial Statements are categorised within the fair value hierarchy as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 – unobservable inputs for the asset or liability.

- 1.11.4 Receivables and payables are measured on an amortised cost basis using the invoice value.

## 1.12 Inventories

1.12.1 The costs incurred in bringing publications to a distributable state include translation costs and printing costs. Publications are distributed free of charge. Costs of publications are expensed in the year they are incurred.

1.12.2 No value in inventory is carried forward since the cost of stock at year-end is not material in value.

## 1.13 Property, plant and equipment

Purchased assets which exceed an agreed value threshold, currently £500, are capitalised at cost in accordance with Financial Regulation 11.4. The cost of all assets acquired not exceeding that threshold is immediately charged as an expense. An asset is capitalised at cost and depreciated to its estimated residual value over its useful economic life using the straight-line method. The cost of an asset includes the purchase price, shipping, and set-up charges. Depreciation is charged on an annual basis, with a full month's charge in the month of purchase and no charge in the month of disposal.

Class of asset	Useful life
Computer equipment	3–5 years
Office fixtures and fittings	5 years
Telecommunications equipment	5 years

## 1.14 Intangible assets

Purchased computer software is capitalised at cost and amortised using the straight-line method over its useful life of up to five years. An intangible asset is recognised when it is identifiable, provides future economic benefits or service potential which can be reliably measured and access to which is wholly under the Fund's control. Internal operational and research costs are expensed. Costs associated with the maintenance of computer software programs are recognised as expenses when incurred.

## 1.15 Provisions and contingent liabilities

1.15.1 Provisions are made for future liabilities and charges where the 1992 Fund has a present legal or constructive obligation as a result of past events, and it is probable that the 1992 Fund will be required to settle the obligation.

1.15.2 Other commitments, which do not meet the recognition criteria for liabilities, are disclosed in the Notes to the Financial Statements as contingent liabilities when their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the control of the 1992 Fund.

### *Compensation provision*

1.15.3 Provision is made for all claims approved by the relevant P&I Club and the 1992 Fund but not paid at the amount approved by the 1992 Fund, which reflects management's best estimate at that time or where a final judgment has taken place. Provision is also made for any significant claims approved between the year-end and the date on which the Financial Statements are approved in respect of claims existing at the year-end. Where approved claims have been pro-rated because there is uncertainty as to whether funds will be sufficient to allow further payments, no provision is made for such claims over and above the level of pro-rating, but the maximum of such amounts is disclosed separately in the Financial Statements as a contingent liability.



### *Provision for employee benefits*

1.15.4 The following employee benefits are provided for:

- short-term employee benefits which fall due wholly within 12 months after the end of the accounting period in which employees render the related service; and
- long-term employee benefits not expected to be settled within 12 months.

1.15.5 Benefits in particular are:

- provision for annual leave accrued: provision classified as short-term provision is made annually on the basis of unused annual leave with changes in the provision from the start of the year being charged as an expense or released in the current financial period; and
- provision for separation costs: under the Staff Regulations and Rules, some staff members are entitled to certain benefits upon separation from service consisting of a repatriation grant lump sum, travel of the staff member and eligible dependants and shipment of their personal effects. Separation costs are provided for at the management's best estimate.

### *Contingent liabilities*

1.15.6 Estimates of contingent liabilities include all known or likely compensation claims against the 1992 Fund. All these claims may not necessarily mature or be approved. In the case of fees (claims-related costs), these are calculated for the coming year only, due to the difficulties in predicting the length and cost of legal proceedings or of negotiations for reaching out-of-court settlements. Those liabilities which mature will, under the 1992 Fund Convention, be met from contributions levied by the Assembly.

#### 1.16 Contributors' account

Net overpayments by contributors and reimbursement of contributions in accordance with the Assembly's decision are held in the contributors' account. In accordance with Internal Regulation 3.9, any credit balance on a contributors' account bears interest. The interest is added to the credit balance every year when levies are due, or reimbursements are made, normally on 1 March.

#### 1.17 Staff Provident Fund

In accordance with Staff Rule VIII.5, the Staff Provident Fund represents the balance on the accounts of staff members made up of contributions to the Provident Fund by staff members and the 1992 Fund, withdrawals and repayments of housing loans and interest earned on the investment of the assets of the Provident Fund.

#### 1.18 Budgetary information

1.18.1 The Assembly approves the budget which includes budgeted amounts for Secretariat administration costs and fixed assets. Budgets may be subsequently amended by the Assembly by authorising transfers within chapters of the budget, in excess of the limits of delegated authority provided under the Financial Regulations or by approving supplementary budgets.

1.18.2 The Statement of Comparison of Budget and Actual Amounts (Statement V) compares the final budget to actual amounts calculated on the same basis (modified cash basis) as the corresponding budgetary amounts. As the bases used to prepare the budget and Financial Statements differ, reconciliation between the amounts presented in Statement V and Statement II (Statement of Financial Performance) is provided in Note 23.

## Note 2 — Cash and cash equivalents

- 2.1 Cash and cash equivalents included in the Statement of Cash Flow (Statement IV) and the Statement of Financial Position (Statement I) comprise the following amounts:

	2022 £	2021 £
Cash on hand	11 639 669	25 046 684
Notice accounts (notice period less than 3 months)	127	4 679 421
Term deposits (maturing within 3 months)	30 548 614	18 138 626
Term deposits (maturing after 3 months)	23 176 772	5 000 000
<b>Total</b>	<b>65 365 182</b>	<b>52 864 731</b>

- 2.2 Cash is invested in term deposits of up to one year with deposits maturing periodically throughout the year, in order to ensure liquidity between receipt of contributions (see paragraph 16.5). No investments are made in bonds or shares.
- 2.3 Cash and term deposits held in pounds sterling totalled £30 450 686 on 31 December 2022, of which £25 867 860 was held for the 1992 Fund. In addition, the Provident Fund held £4 453 563, and the Contributors' account held £129 263.
- 2.4 Other currencies are held, totalling £34 914 496 in value. The General Fund holds US dollars as part of its working capital and euros for operational use. Euros and Israeli shekels are held for the payment of compensation liabilities in line with the 1992 Fund's Hedging Guidelines (see paragraph 16.7.1). Other currencies are broken down in the table below:

Currency	Incident	Amount in other currency, 31/12/2022	Translated as at 31/12/2022 £
Euros	General Fund	1 870 311	1 659 401
	<i>Prestige</i> MCF	837 922	743 431
	<i>Agia Zoni II</i> MCF	22 633 617	20 081 286
US dollars	General Fund	10 251 671	8 522 463
Israeli shekels	General Fund	8 288 355	1 952 728
	Incident in Israel MCF	8 298 472	1 955 112
Russian roubles	General Fund	6 609	75
		<b>Total</b>	<b>34 914 496</b>

- 2.5 Changes during the reporting period are shown in the following table:

Currency	Amount, 31-Dec-2022	Amount, 31-Dec-2021
Pound sterling	GBP 30 450 686	25 076 945
Euros	EUR 25 341 850	25 870 010
US dollars	USD 10 251 671	8 216 428
Israeli shekels	ILS 16 586 827	-
Russian roubles	RUB 6 609	6 609

- 2.6 Currencies other than pounds sterling are translated according to the policy described in paragraph 1.9 and exchange differences due to revaluation are reported in Note 24.

### Note 3 — Contributions receivable

3.1 The situation with regard to outstanding contributions from previous levies is set out below.

	General Fund £	Hebei Spirit MCF £	Alfa I MCF £	Agia Zoni II MCF £	Nesa R3 MCF £	Incident in Israel MCF £	Total contributions receivable 2022 £	Total contributions receivable 2021 £
Angola	-	-	-	-	-	-	-	1 946
Argentina	22 316	-	946	18 524	8 700	6 051	56 537	43 903
Belgium	18 906	-	-	-	-	6 199	25 105	-
China (HKSAR)	16 828	-	-	-	-	5 517	22 345	-
Croatia	1 769	-	-	-	-	580	2 349	-
Curaçao	5 290	-	-	49 588	47 235	-	102 113	102 113
Denmark	1 694	-	3 062	-	1 484	-	6 240	6 240
Djibouti	2 010	-	-	4 439	-	-	6 449	6 449
France	12 350	-	-	-	-	906	13 256	10 233
Ghana	19 788	52 110	6 685	26 269	1 153	2 209	108 214	99 276
Greece	3 723	-	-	-	-	1 221	4 944	-
Guinea	647	-	-	-	-	-	647	647
Guyana	1 569	-	-	-	-	514	2 083	-
Iran	165 634	-	-	4 257	-	29 188	199 079	80 867
Jamaica	87	-	-	-	-	-	87	87
Madagascar	1 382	-	-	-	-	453	1 835	-
Malaysia	-	-	-	7 351	8 993	-	16 344	16 344
Mauritania	64	-	-	-	-	-	64	-
Mexico	-	-	-	-	-	-	-	79
Morocco	12 903	-	26 949	-	12 337	-	52 189	52 189
Panama	43 192	-	-	1 600	1 528	9 671	55 991	3 128
Philippines	-	-	-	-	-	-	-	19
Qatar	566	-	-	-	-	-	566	-
Russian Federation	14 676	-	39 976	-	3 543	-	58 195	58 195
Singapore	-	-	-	-	-	-	-	4 331
Spain	7 867	-	-	-	-	2 579	10 446	-
Sweden	-	-	-	-	-	-	-	1 863
Türkiye	4 689	-	-	-	-	1 537	6 226	-
United Arab Emirates	22 301	-	-	-	-	7 312	29 613	-
United Kingdom	32 543	-	38 322	-	6 154	-	77 019	80 605
United Republic of Tanzania	1 349	-	-	-	-	442	1 791	-
Venezuela	313 752	-	80 008	235 164	29 435	-	658 359	658 359
<b>Sub-total</b>	<b>727 895</b>	<b>52 110</b>	<b>195 948</b>	<b>347 192</b>	<b>120 562</b>	<b>74 379</b>	<b>1 518 086</b>	<b>1 226 873</b>
Provision	(71 403)	-	(108 309)	-	(23 518)	-	(203 230)	(207 463)
<b>Total</b>	<b>656 492</b>	<b>52 110</b>	<b>87 639</b>	<b>347 192</b>	<b>97 044</b>	<b>74 379</b>	<b>1 314 856</b>	<b>1 019 410</b>

- 3.2 Contributions receivable is net of the provision for contributions due from some contributors, as set out in Note 5.
- 3.3 In 2019, Venezuela submitted oil reports for the years 2007 to 2017 resulting in late invoices for contributions levied to the General Fund and Major Claims Funds. The amount of £658 359 is due from one contributor.

#### Note 4 — Other receivables

- 4.1 Other receivables are set out in the table below.

	2022 £	2021 £
Tax recoverable	361 357	212 775
Accrued interest on investments	187 215	4 326
Accrued interest on overdue contributions	169 460	138 035
Prepayments	103 326	124 874
Advances to staff	8 298	7 712
Accrued income	3 633	4 075
Supplementary Fund	42 237	-
Miscellaneous receivables	5 560	-
<b>Total</b>	<b>881 086</b>	<b>491 797</b>

- 4.2 Taxes recoverable are value-added tax (VAT) and airport tax recoverable from the United Kingdom (UK) Government, and VAT recoverable from the Spanish Government under Article 34 of the 1992 Fund Convention.
- 4.3 Accrued interest on investments of £187 215 was due at year end on cash deposits maturing in 2023, held in pound sterling, US dollar and euro.
- 4.4 Accrued interest on overdue contributions as at 31 December 2022 was £207 609, and a provision of £38 149 has been made for interest on contributions due from some contributors, as set out in Note 5. The net of these amounts (£169 460) is included in 'Other receivables'.
- 4.5 Prepayments are payments in advance of goods and service delivery.
- 4.6 Advances to staff are for travel season tickets and subscriptions to the health insurance scheme.
- 4.7 Accrued income relates to amounts to be reimbursed by P&I Clubs for joint costs, which in 2022 relates to the *Hebei Spirit* incident.
- 4.8 An amount of £42 237 was due from the Supplementary Fund as at 31 December 2022, which was settled in January 2023.
- 4.9 Miscellaneous receivables include £5 019 in travel costs to be reimbursed by conference organisers.

## Note 5 — Provision for contributions and interest on overdue contributions

- 5.1 As set out in Note 3, contributions receivable is net of the provision for contributions. The total provision of £241 379 is made up of £203 230 in contributions and £38 149 in interest on overdue contributions. A total amount of £71 561 due from two contributors in the Russian Federation has been provided for, as well as a total of £169 818 due from four contributors in liquidation proceedings.
- 5.2 A summary of the movements in the two provisions is shown in the table below.

Provision	Contributions outstanding £	Interest on contributions outstanding £	Total £
Opening balance, 01-Jan-2022	207 463	35 462	<b>242 925</b>
(Decrease)/increase in provision for contributions and interest on overdue contributions	(4 233)	2 687	<b>(1 546)</b>
<b>Closing balance, 31-Dec-2022</b>	<b>203 230</b>	<b>38 149</b>	<b>241 379</b>

- 5.3 Movements on the provision for contributions and the provision for interest on contributions, shown by contributor, are shown in the table below.

Contributor	Contributors from the Russian Federation £	Petroplus £	OW Bunker (Denmark) £	SAMIR (Morocco) £	TOTAL £
<b>Contributions</b>					
Opening balance, 01-Jan-2022	58 195	90 840	6 240	52 188	<b>207 463</b>
Contributions received, 2022	-	(4 233)	-	-	<b>(4 233)</b>
Contributions provided for, 2022	-	-	-	-	-
<b>Total provision for contributions, 31-Dec-2022</b>	<b>58 195</b>	<b>86 607</b>	<b>6 240</b>	<b>52 188</b>	<b>203 230</b>
<b>Interest on contributions</b>					
Opening balance, 01-Jan-2022	11 949	-	-	23 513	<b>35 462</b>
Interest provided for, 2022	1 417	-	-	1 270	<b>2 687</b>
<b>Total provision for interest on contributions, 31-Dec-2022</b>	<b>13 366</b>	-	-	<b>24 783</b>	<b>38 149</b>
<b>Total provision for contributions and interest, 31-Dec-2022</b>	<b>71 561</b>	<b>86 607</b>	<b>6 240</b>	<b>76 971</b>	<b>241 379</b>

### *Contributors from the Russian Federation*

- 5.4 The provision includes contributions and interest on overdue contributions due from two contributors in the Russian Federation. Based on the decision of the Assembly at its October 2016 session, the Secretariat has continued discussions with the authorities in the Russian Federation to recover the contributions and no legal action has been taken in these cases.

### *Contributors in liquidation/bankruptcy*

- 5.5 The 1992 Fund Assembly, at its October 2014 session, decided that after the receipt of final settlement from liquidators, any balances due from two contributors in the UK and France (headquartered in Switzerland) should be written off (document IOPC/OCT14/11/1, paragraph 5.2.17).
- 5.6 The Secretariat has continued discussions with the authorities in Morocco to recover the outstanding contributions due from SAMIR.

### **Note 6 — Due from HNS Fund**

- 6.1 At its first session, the 1992 Fund Assembly instructed the Director to carry out the tasks necessary for the setting up of the International Hazardous and Noxious Substances Fund (HNS Fund), as requested by the HNS International Conference (document 92FUND/A.1/34, paragraph 33.1.1–33.1.3), on the basis that all expenses would be repaid by the HNS Fund when established. As a result of this decision, any expenses relating to the preparation for the entry into force have been treated as loans from the 1992 Fund.
- 6.2 The HNS Fund will be established when the HNS Convention comes into force. The HNS Convention will come into force 18 months following the ratification by 12 States, fulfilling the conditions as laid down in the HNS Protocol. Eight States (Canada, Denmark, France, Germany, Greece, the Netherlands, Norway, and Türkiye) have signed the 2010 HNS Protocol, subject to ratification. As at 31 December 2022, six States (Canada, Denmark, Estonia, Norway, South Africa and Türkiye) have deposited their instruments of ratification or accession to the 2010 HNS Protocol.
- 6.3 An amount of £507 240 (2021: £470 436), including interest to date of £55 765, is due from the HNS Fund when it is established. The Director considers that progress towards the establishment of the Convention supports expectation of recovery of this balance.



## Note 7 — Property, plant and equipment

- 7.1 The following table shows a breakdown of fixed assets by type, with a reconciliation of additions and depreciation during the year.

	Computer equipment £	Office fixtures and fittings £	Telephone equipment £	Total £
<b>Cost</b>				
Opening balance, 01-Jan-2022	223 026	36 671	26 880	<b>286 577</b>
Additions	17 480	14 092	-	<b>31 572</b>
Disposals	(2 953)	-	-	<b>(2 953)</b>
<b>Closing balance, 31-Dec-2022</b>	<b>237 553</b>	<b>50 763</b>	<b>26 880</b>	<b>315 196</b>
<b>Depreciation</b>				
Accumulated depreciation, 01-Jan-2022	179 813	35 859	25 607	<b>241 279</b>
Depreciation on disposals	(2 953)	-	-	<b>(2 953)</b>
Depreciation charge for the year	19 940	1 055	474	<b>21 469</b>
<b>Closing balance, 31-Dec-2022</b>	<b>196 800</b>	<b>36 914</b>	<b>26 081</b>	<b>259 795</b>
<b>Net book value</b>				
Opening balance, 01-Jan-2022	43 213	812	1 273	<b>45 298</b>
<b>Closing balance, 31-Dec-2022</b>	<b>40 753</b>	<b>13 849</b>	<b>799</b>	<b>55 401</b>

## Note 8 — Intangible assets

- 8.1 The following table shows the amortisation of purchased software for the year. The software has now been fully amortised.

	Purchased software £
<b>Cost</b>	
Opening balance, 01-Jan-2022	28 557
Additions	-
Disposals	-
<b>Closing balance, 31-Dec-2022</b>	<b>28 557</b>
<b>Amortisation</b>	
Accumulated amortisation charge, 01-Jan-2022	28 557
Amortisation charge on disposals	-
Amortisation charge for the year	-
<b>Closing balance, 31-Dec-2022</b>	<b>28 557</b>
<b>Net book value</b>	
Opening balance, 01-Jan-2022	-
<b>Closing balance, 31-Dec-2022</b>	<b>-</b>

## Note 9 — Payables and accruals

9.1 The following table shows details of payables and accruals as at 31 December 2022:

	2022 £	2021 £
Payables for administrative expenses, lawyers and experts	174 414	117 061
Accruals for administrative expenses, lawyers and experts	264 811	153 682
<b>Total</b>	<b>439 225</b>	<b>270 743</b>

## Note 10 — Provision for compensation

10.1 Provision is made for all compensation claims as follows:

10.2 The following table shows movement in provision in the currency of the country where the incident took place:

	General Fund ILS	Prestige MCF EUR	Agia Zoni II MCF EUR
Opening balance, 01-Jan-2022		805 275	1 981 153
Less: brought forward provision paid in 2022			(6 936)
Less: brought forward provision reversed in 2022			0
New provision made in 2022	3 283 566		17 530
<b>Closing balance, 31-Dec-2022</b>	<b>3 283 566</b>	<b>805 275</b>	<b>1 991 747</b>

10.3 The following table shows movement in provision in pounds sterling:

	General Fund £	Prestige MCF £	Agia Zoni II MCF £	Total £
Opening balance, 01-Jan-2022	-	676 133	1 663 436	2 339 569
Less: brought forward provision paid in 2022	-	-	(5 824)	(5 824)
Currency (gain)/loss on brought forward provision unutilised in the year	-	38 333	93 977	132 310
New provision made in 2022	773 605	-	15 554	789 159
<b>Closing balance, 31-Dec-2022</b>	<b>773 605</b>	<b>714 466</b>	<b>1 767 143</b>	<b>3 255 214</b>

10.4 In 2022, new provision has been made for two claims related to the *Agia Zoni II* incident and covered by the *Agia Zoni II* Major Claims Fund, and two claims related to the incident in Israel, which is still covered by the General Fund. Payments will be made upon acceptance of the compensation offers by the claimants.

10.5 In relation to the *Prestige* Major Claims Fund, a provision for compensation of EUR 805 275 is held until claims in the courts are finalised or become time-barred in order that equal treatment is maintained to claimants in France and Portugal.

#### Note 11 — Provision for employee benefits

11.1 The following table shows movements to the short- and long-term provisions:

	Short term £	Long term £	Total £
Opening balance, 01-Jan-2022	319 219	367 683	686 902
Less: brought forward provision paid in 2022	(118 673)	(9 776)	(128 449)
Repatriation for separated employees moved from long term to short term provision	63 922	(63 922)	-
New provision made in 2022	56 669	31 878	88 547
<b>Closing balance, 31-Dec-2022</b>	<b>321 137</b>	<b>325 863</b>	<b>647 000</b>

11.2 The provision for employee benefits was increased in 2022 to reflect an increase in accrued annual leave carried forward from 2022 (short term) and increased repatriation costs for international staff members (long term). Payment of repatriation entitlements in 2022 has resulted in a net decrease in the overall provision.

#### Note 12 — Prepaid contributions

12.1 The amount of £80 897 (2021: £549 627) represents the levy of contributions decided by the 1992 Fund Assembly in November 2022 and due on 1 March 2023 but received in 2022.

#### Note 13 — Contributors' account

13.1 The amount of £129 263 (2021: £142 732) is the balance on the contributors' account after the deduction of amounts repaid to contributors or when offset against contributions. The amount includes interest of £1 783 (2021: £142) credited in 2022 to contributors.

## Note 14 — Staff Provident Fund

### 14.1 Table showing movements within the staff Provident Funds in 2022:

	2022 £	2021 £
Provident Fund (managed by the 1992 Fund – PF1)		
<b>Accounts of staff members, 01-Jan-2022</b>	4 209 742	4 513 014
<b>RECEIPTS</b>		
Contributions of staff members	226 929	207 506
Voluntary contributions of staff members	205 978	246 580
Contributions of 1992 Fund	463 857	433 014
Transfer from Provident Fund (externally managed – PF2)	542 044	1 384 297
Interest received	92 666	100 809
Repayment of loans	-	30 000
<b>Total receipts</b>	<b>1 531 474</b>	<b>2 402 206</b>
<b>PAYMENTS</b>		
Transfer to Provident Fund (externally managed – PF2)	80 000	350 000
Withdrawal on separation	930 853	2 254 853
Housing loans	276 800	100 625
<b>Total payments</b>	<b>1 287 653</b>	<b>2 705 478</b>
<b>Accounts of staff members, 31-Dec-2022 (PF1)</b>	<b>4 453 563</b>	<b>4 209 742</b>
<b>Provident Fund (externally managed – PF2)</b>		
Transfer from Provident Fund (PF1)	(462 044)	(1 034 297)
<b>Valuation as at 31-Dec-2022 (PF2)</b>	<b>950 668</b>	<b>1 494 419</b>
<b>Staff Provident Fund (PF1 &amp; PF2) (Statement I)</b>	<b>5 404 231</b>	<b>5 704 161</b>

- 14.2 The rate of contribution to the Provident Fund for staff members is 7.9% of their respective pensionable remuneration and for the 1992 Fund is 15.8% of that remuneration (Staff Rule VIII.5(b)). At its October 2009 session, the 1992 Fund Administrative Council decided that staff members could make additional voluntary contributions of up to 5% of pensionable remuneration to the Provident Fund. At its April 2017 session, the 1992 Fund Administrative Council decided to increase the maximum voluntary contribution amount to 23.7% of the staff member's pensionable remuneration.
- 14.3 The Provident Fund is made up of two elements. Provident Fund (PF1) is invested with the 1992 Fund assets. Provident Fund (PF2) is managed by an independent financial broker in the name of the 1992 Fund. The fair value of the assets held in PF2 are categorised as level 1 within the fair value hierarchy as investments are considered to be valued using quoted prices (unadjusted) in active markets at any given measurement date.
- 14.4 All contributions are credited to PF1. Staff may invest in PF2 only from their cash balance available in PF1. There is no possibility of investing private funds in PF2. Amounts withdrawn from PF2 are credited to PF1.
- 14.5 The amount in PF1 is invested together with the 1992 Fund's assets. Interest is calculated and fixed monthly by the Director based on the rate of return of investments held during that month.

- 14.6 Participation in PF2 is entirely voluntary and new staff members can only participate in PF2 after completing one year of service in the Secretariat. All fees paid by those participating in PF2 are based on the proportion of their investment in PF2. As set out above, PF2 is managed by an independent financial broker, with £80 000 of new funds invested with the broker in 2022 and £542 044 withdrawn. As at 31 December 2022, the amount managed by the broker was valued at £950 668.
- 14.7 Housing loans from the Provident Fund represent loans taken by staff members in accordance with Staff Rule VIII.5(j). The loan shall be repaid in a manner to be agreed between the staff member and the Director. In any event, the loan shall be repaid on the staff member's separation from the 1992 Fund by means of deduction from the monies payable.
- 14.8 The staff member's share in the Provident Fund is payable upon separation of the staff member from the 1992 Fund in accordance with the Fund's Staff Rule VIII.5(e).

#### Note 15 — General Fund and Major Claims Funds balances

- 15.1 The 1992 Fund holds fund balances classified into General Fund and Major Claims Funds. The General Fund currently includes a working capital of £15 million, as decided by the 1992 Fund Assembly at its October 2019 session (document IOPC/OCT19/11/1, paragraph 9.1.14). The working capital is established to ensure that the 1992 Fund is in a position to meet compensation and claims-related expenses, which may occur between the regular sessions of the governing bodies. See Note 25 for segment reporting by General Fund and MCFs.

#### Note 16 — Financial instruments

- 16.1 Details of the significant accounting policies adopted, including the basis of measurement and the basis on which income and expenses are recognised in respect of the financial instruments are set out in Note 1.
- 16.2 All financial instruments held during 2022 are classified as loans and receivables and are non-derivative financial assets with fixed payments and a fixed maturity for which the organisation has the intention and the ability to hold to maturity.
- 16.3 Financial instruments held at year end are detailed in the table below:

	31-Dec-2022 £	31-Dec-2021 £
<b>Financial Assets held at amortised cost:</b>		
Cash & cash equivalents	65 365 182	52 864 731
Trade & other receivables	2 703 182	1 981 643
<b>Financial liabilities held at amortised cost:</b>		
Trade & other payables	568 488	413 475

- 16.4 Credit risk
- 16.4.1 The 1992 Fund's credit risk is spread widely, and its risk management policies limit the amount of credit exposure to any counterparty and include minimum credit quality guidelines.

16.4.2 The guidelines include market and capital strength measures in addition to the credit rating provided by the three rating agencies. Credit default swaps (CDS) and CET 1 capital ratio are the additional measures used to determine the counterparty list. The guidelines are as follows:

- (a) CET 1 capital ratio of at least 9.5% or higher;
- (b) five-year credit default swap (CDS) spread of a maximum of 100 basis points, a breach of which would trigger a review to ascertain whether the credit markets were weaker in general, or whether the creditworthiness of the counterparty concerned was subject to a particular credit-negative event that would warrant its temporary or permanent exclusion from the lending list; and
- (c) minimum short-term credit rating from two of the three main credit rating agencies, Fitch, Moody's and Standard & Poor's as follows:
  - for maturities of up to 12 months (Group 1) of F1+, P1 and A1+; and
  - for maturities of up to 6 months (Group 2) of F1, P1 and A1.

16.4.3 A list of approved financial institutions is prepared by the joint Investment Advisory Body (IAB) on a quarterly basis and approved by the Director. This list is kept under constant review by the IAB between meetings and the Secretariat is advised accordingly.

16.4.4 Contributions receivable are comprised primarily of amounts due from contributors in Member States. The 1992 Fund Convention places an obligation on Member States to ensure that contributors fulfil their obligation to pay contributions. Details of contributions receivable are provided in Note 3.

#### 16.5 Liquidity risk

16.5.1 The 1992 Fund Convention provides the Assembly with authority to levy contributions that may be required to balance the payments to be made by the 1992 Fund.

16.5.2 Liquidity risk associated with cash and cash equivalents is minimised substantially by ensuring that these financial assets are placed in term deposits not exceeding one year. It is ensured that in compliance with the investment guidelines on liquidity, the working capital set by the Assembly in October 2019 of £15 million is available within three months to support operational requirements.

#### 16.6 Interest rate risk

16.6.1 The 1992 Fund places its cash deposits in term deposits with fixed interest rates under strict investment guidelines. The Financial Regulations of the 1992 Fund focus on the security and liquidity of the assets rather than maximising revenue, and this is taken into account in managing the liquidity (cash flow) risk.

16.6.2 The table below shows the average interest rate earned on deposits in the different currencies and the effect in pounds sterling of a change of 0.25% in interest rate earned.

Deposits	Average interest rate earned 2022 %	Effect of increase/decrease by 0.25% £
Pounds sterling	0.99%	70 646
US dollar	2.00%	18 229
Euro	1.02%	13 796



## 16.7 Foreign currency risk

- 16.7.1 The Hedging Guidelines were developed in 2008 with advice from the IAB. For an incident in respect of which compensation will be paid in a currency other than pounds sterling, in principle the aim is to hedge up to 50% of the liability of an incident but not more than the sum of the levies approved less the Fund's anticipated expenses within a six-month period after a levy has been approved.
- 16.7.2 The rationale behind the hedging policy is that hedging 50% of the foreign exchange liability constitutes a neutral position whichever way the exchange rate was to move.
- 16.7.3 As at 31 December 2022, cash and cash equivalents were held in pounds sterling (47%), euros (34%), US dollars (13%) and Israeli shekels (6%) (see Note 2).
- 16.7.4 As at 31 December 2022, the foreign exchange liability in euros in respect of the *Prestige* incident was hedged at 100% (2021: 100%).
- 16.7.5 As at 31 December 2022, the foreign exchange liability in euros in respect of the *Agia Zoni II* incident was hedged at 57% (2021: 57%).

## Note 17 — Contributions

- 17.1 At its session in November 2021, the 1992 Fund Assembly decided to levy £12.2 million to the General Fund and £4 million to the Incident in Israel Major Claims Fund, both payable by 1 March 2022.
- 17.2 Contributions invoiced for payment in 2022 are summarised below:

	2021 levy payable by 1 March 2022 £	Previous years' levies £	Total £
<i>General Fund</i>	11 991 303	14 101	12 005 404
<i>Hebei Spirit</i> Major Claims Fund	-	-	-
<i>Alfa I</i> Major Claims Fund	-	-	-
<i>Agia Zoni II</i> Major Claims Fund	-	-	-
<i>Nesa R3</i> Major Claims Fund	-	-	-
<i>Incident in Israel</i> Major Claims Fund	3 931 570	-	3 931 570
<b>Total</b>	<b>15 922 873</b>	<b>14 101</b>	<b>15 936 974</b>

- 17.3 Contributions invoiced in 2022 include levies and reimbursements based on contributing oil reports received late amounting to a net levy of £14 101. This is in accordance with accounting policy paragraph 1.6.2 in Note 1 on contributions relating to late submission of oil reports, where the amount is recognised as income on the date of the invoice.

## Note 18 — Contributions-in-kind

- 18.1 The UK Government meets 80% of the costs related to the rental of the Secretariat offices and storage space. The total rental payments made in 2022 amounted to £258 000 (2021: £258 000) with the UK Government's share being £206 400 (2021: £206 400) (see Notes 22 and 27).

## Note 19 — Other revenue

19.1 Table showing the breakdown of other revenue earned by the 1992 Fund in 2022.

	2022 £	2021 £
Reimbursement by P&I Club under STOPIA 2006	4 040 538	-
Management fee payable by the Supplementary Fund	38 000	36 000
Interest on overdue contributions	36 958	24 023
Interest on loans to HNS Fund	7 502	1 449
SHI Limitation Fund	-	2 220 457
Sundry income	2 457	179
<b>Total</b>	<b>4 125 455</b>	<b>2 282 108</b>

19.2 The management fee was set in the budget at £38 000 (2021: £36 000) for the Supplementary Fund for the period 1 January to 31 December 2022 (document IOPC/NOV21/11/2, paragraph 9.1.19).

19.3 Some £4 million were received as reimbursement of compensation paid in respect of incidents covered under STOPIA 2006, made up of £1 604 588 and £2 435 950 for the *Solar 1* and *Trident Star* incidents, respectively.

## Note 20 — Compensation claims

20.1 Compensation is recognised on a cash basis in Section One, page 11, and can be reconciled to compensation paid in the Statement of Financial Performance (Statement II) as follows:

	General Fund £	Agia Zoni II MCF £	Total £
Compensation paid on cash basis in 2022 (Section One, page 11)	4 067 127	33 167	4 100 294
Less: brought forward provision paid in 2022 (note 10)	-	(5 824)	(5 824)
Exchange gain on brought forward provision paid in 2022 (note 24)	-	(4)	(4)
New provision made in 2022 (note 10)	773 605	15 554	789 159
<b>Compensation recognised on accrual basis (Statement II)</b>	<b>4 840 732</b>	<b>42 893</b>	<b>4 883 625</b>

20.2 The General Fund paid compensation in respect of *Solar 1* (£1 604 588), *Trident Star* (£2 435 950) and Incident in Israel (£26 589).

20.3 Foreign currency is held for the purpose of making payments of compensation and any exchange loss on the payment is compensated by an exchange gain on the revaluation of the foreign currency (see Note 24).

## Note 21 — Claims-related expenses (CRE)

- 21.1 Under the Memorandum of Understanding (MoU) between the International Group of P&I Clubs (shipowner's insurers) and the 1992 Fund, joint claims-related expenses are apportioned between the P&I Clubs and the 1992 Fund based on their respective compensation liability.

	Claims-related expenses paid in 2022 £	Joint costs received/receivable from P&I Club in 2022 £	Claims-related expenses 2022 (Statement II) £	Claims-related expenses 2021 (Statement II) £
General Fund	294 547	-	294 547	278 362
<i>Prestige</i> MCF	67 846	-	67 846	53 263
<i>Hebei Spirit</i> MCF	122 853	(3 633)	119 220	312 179
<i>Alfa I</i> MCF	32 192	-	32 192	115 767
<i>Agia Zoni II</i> MCF	156 438	-	156 438	328 559
<i>Nesa R3</i> MCF	32 859	-	32 859	12 299
<b>TOTAL</b>	<b>706 735</b>	<b>(3 633)</b>	<b>703 102</b>	<b>1 100 429</b>

- 21.2 In 2022, an amount of £3 633 (2021: £4 074) was invoiced under the MoU to Assuransföreningen Skuld (Gjensidig) (Skuld Club) in respect of the *Hebei Spirit* incident.

## Note 22 — Staff, other personnel and administrative costs

- 22.1 Expenses were made under seven chapters as set out in the table below:

Chapter	Expenses 2022 (Statement II) £	Expenses 2021 (Statement II) £
I Personnel	3 186 723	2 985 152
II General services	977 048	848 691
III Meetings	73 897	114 306
IV Travel	104 977	0
V Other expenditure	319 438	182 180
VI Unforeseen expenditure	0	0
VII External Audit fees	65 908	53 600
<b>Total</b>	<b>4 727 991</b>	<b>4 183 929</b>

- 22.2 Chapter II, General services, includes £206 400, equivalent to 80% of the rent due on the Secretariat's office premises which is the amount reimbursed by the UK Government (see Note 18). Chapter II also includes depreciation charges of £21 469 (see Note 7).

## Note 23 — Statement of Comparison of Budget and Actual Amounts

- 23.1 The 1992 Fund's budget and Financial Statements are prepared using different bases. The Statement of Financial Position (Statement I); Statement of Financial Performance (Statement II); Statement of Changes in Net Assets (Statement III); and Statement of Cash Flow (Statement IV) are prepared on a full accruals basis using a classification based on the nature of expenses in the Statement of Financial Performance (Statement II), whereas the Statement of Comparison of Budget and Actual Amounts (Statement V) is prepared on a commitment accounting basis.
- 23.2 Differences between budgeted and actual amounts are explained in the Director's Comments (section 1, page 7).
- 23.3 As required under IPSAS 24, the actual amounts presented on a comparable basis to the budget shall, where the Financial Statements and the budget are not prepared on a comparable basis, be reconciled to the actual amounts presented in the Financial Statements, identifying separately any basis, presentation, entity, and timing differences.
- 23.4 Basis differences occur when the approved budget is prepared on a basis other than the accounting basis. For the 1992 Fund, the budget is prepared on the commitment basis and the Financial Statements are prepared on the accruals basis.
- 23.5 Presentation differences are due to differences in the format and classification schemes adopted for presentation of the Statement of Financial Performance (Statement II) and the Statement of Comparison of Budget and Actual Amounts (Statement V).
- 23.6 Entity differences occur when the budget omits programmes or entities that are part of the entity for which the Financial Statements are prepared. The budget relates only to the joint Secretariat's administrative expenses.
- 23.7 Timing differences occur when the budget period differs from the reporting period reflected in the Financial Statements. There are no timing differences for the 1992 Fund for purposes of comparison of budget and actual amounts.
- 23.8 Reconciliation between the actual amounts on a comparable basis in the Statement of Comparison of Budget and Actual Amounts (Statement V) and the actual amounts in the Statement of Financial Performance (Statement II) for the year ended 31 December 2022 is presented below:

	£
<b>Statement V</b>	<b>4 558 225</b>
Contributions-in-kind (Note 18)	206 400
Purchase of fixed assets (Notes 7 and 8)	(31 572)
Depreciation and amortisation (Notes 7 and 8)	21 469
Adjustment to provision for employee benefits (Note 11)	(39 902)
Provision for separated employees (included in Statement V, Chapter 1)	17 431
Compensation claims (Note 20)	4 883 625
Claims-related expenses (Note 21)	703 102
Currency exchange differences (Note 24)	(1 895 593)
Net increase in provision for contributions and interest on overdue contributions (Note 5)	(1 546)
Inter-fund loan interest (Note 25.8)	(4 060)
<b>Statement II</b>	<b>8 417 579</b>

## Note 24 — Currency exchange differences

24.1 As at 31 December 2022, there was a notional exchange gain of £1 895 593 (2021 loss: £1 370 862) made up as follows:

Reason for difference	General Fund £	Prestige MCF £	Hebei Spirit MCF £	Alfa I MCF £	Agia Zoni II MCF £	Nesa R3 MCF £	(Gain)/Loss 2022 £	(Gain)/Loss 2021 £
Currency revaluation	(839 141)	(39 873)	-	-	(1 077 414)	-	(1 956 428)	1 437 410
Revaluation of taxes	(1)	(52)	-	-	-	-	(53)	550
Exchange (gain)/loss on 2021 provision paid in 2022 (Note 20)	-	-	-	-	4	-	4	(1 522)
Increase/(decrease) in cost of unutilised 2021 provision due to currency revaluation (Note 10)	-	38 333	-	-	93 977	-	132 310	(65 557)
Exchange (gain)/loss on other receivables	(73 349)	-	-	-	-	-	(73 349)	-
Exchange (gain)/loss on vendor payables	(160)	97	1 244	245	166	331	1 923	(19)
<b>Total</b>	<b>(912 651)</b>	<b>(1 495)</b>	<b>1 244</b>	<b>245</b>	<b>(983 267)</b>	<b>331</b>	<b>(1 895 593)</b>	<b>1 370 862</b>

24.2 Movement of exchange rates from the beginning to the end of the reporting period:

	31-Dec-22	31-Dec-21
EUR:GBP	1.1271	1.191
RUB:GBP	87.8122	101.5918
ILS:GBP	4.2445	4.2156
USD:GBP	1.2029	1.3544

24.3 Currency revaluation at year end gave rise to the following (gains)/losses, shown in the table below with 31 December 2021 for comparison:

Currency revaluation, £	31-Dec-22	31-Dec-21
EUR	(1 211 812)	1 492 369
USD	(816 500)	(54 959)
ILS	71 894	-
RUB	(10)	-
<b>Total</b>	<b>(1 956 428)</b>	<b>1 437 410</b>

## Note 25 — Segment reporting

- 25.1 Segment reporting has been made on the basis that the 1992 Fund classifies its activities into the General Fund and Major Claims Funds.
- 25.2 The General Fund covers the 1992 Fund's expenses for the administration of the Secretariat and for compensation payments and claims-related expenditure for minor incidents, up to a maximum amount of the pound sterling equivalent of SDR 4 million per incident and includes the working capital.
- 25.3 The Assembly approved the Director's proposal to meet an estimated deficit in the General Fund for 2021 by taking out a loan of £3.9 million from the *Hebei Spirit* Major Claims Fund on 1 March 2021 until 1 March 2022 when 2021 contributions were due (document IOPC/NOV20/11/2, paragraph 9.1.17).
- 25.4 This loan between segments was repaid from the General Fund to the *Hebei Spirit* Major Claims Fund on 1 March 2022. Related interest income for *Hebei Spirit* Major Claims Fund and interest expense for the General Fund are included in Table 25.8 under Other Revenue and Other Administrative Costs, respectively, and netted off in Statement II. Table 25.9 provides a reconciliation between the segmented statements in Tables 25.7 and 25.8 and Statements I and II.
- 25.5 There were six Major Claims Funds at the beginning of 2022 and no further Major Claims Funds were established during the year. Levies of contributions are made for a Major Claims Fund from which amounts are expensed for that incident (compensation and claims-related expenses):
- *Prestige* Major Claims Fund was set up in 2003 for the incident in Spain (2002);
  - *Hebei Spirit* Major Claims Fund was set up in 2008 for the incident in the Republic of Korea (2007);
  - *Alfa I* Major Claims Fund was set up in 2015 for the incident in Greece (2012);
  - *Agia Zoni II* Major Claims Fund was set up in 2018 for the incident in Greece (2017);
  - *Nesa R3* Major Claims Fund was set up in 2018 for the incident in Oman (2013); and
  - Incident in Israel Major Claims Fund was set up in 2021 for the incident in Israel (2021).



## 25.6 Statement of Financial Position by segment:

	General Fund	Prestige MCF	Hebei Spirit MCF	Alfa I MCF	Agia Zoni II MCF	Nesa R3 MCF	Incident in Israel MCF	1992 Fund 31-Dec-22	1992 Fund 31-Dec-21
	£	£	£	£	£	£	£	£	£
<b>ASSETS</b>									
<b>Current assets</b>									
Cash and cash equivalents	23 902 180	1 167 472	7 564 167	145 760	28 448 928	227 256	3 909 419	65 365 182	52 864 731
Contributions receivable	656 492		52 110	87 639	347 192	97 044	74 379	1 314 856	1 019 410
Other receivables	749 718	1 265	21 291	12 211	84 050	10 286	2 265	881 086	491 797
Staff Provident Fund (externally managed)	950 668	-	-	-	-	-	-	950 668	1 494 419
Loan from <i>Hebei Spirit</i> MCF to General Fund	-	-	-	-	-	-	-	-	3 900 000
<b>Total current assets</b>	<b>26 259 058</b>	<b>1 168 737</b>	<b>7 637 568</b>	<b>245 610</b>	<b>28 880 170</b>	<b>334 586</b>	<b>3 986 063</b>	<b>68 511 792</b>	<b>59 770 357</b>
<b>Non-current assets</b>									
Due from HNS Fund	507 240	-	-	-	-	-	-	507 240	470 436
Property, plant and equipment	55 401	-	-	-	-	-	-	55 401	45 298
<b>Total non-current assets</b>	<b>562 641</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>562 641</b>	<b>515 734</b>
<b>TOTAL ASSETS</b>	<b>26 821 699</b>	<b>1 168 737</b>	<b>7 637 568</b>	<b>245 610</b>	<b>28 880 170</b>	<b>334 586</b>	<b>3 986 063</b>	<b>69 074 433</b>	<b>60 286 091</b>
<b>LIABILITIES</b>									
<b>Current liabilities</b>									
Payables and accruals	389 372	31 711	8 373	9 620	149	-	-	439 225	270 743
Provision for compensation	773 605	714 466	-	-	1 767 143	-	-	3 255 214	2 339 569
Provision for employee benefits (short term)	321 137	-	-	-	-	-	-	321 137	319 219
Prepaid contributions	74 833	-	-	-	-	-	6 064	80 897	549 627
Contributors' account	129 263	-	-	-	-	-	-	129 263	142 732
Loan from <i>Hebei Spirit</i> MCF to General Fund	-	-	-	-	-	-	-	-	3 900 000
<b>Total current liabilities</b>	<b>1 688 210</b>	<b>746 177</b>	<b>8 373</b>	<b>9 620</b>	<b>1 767 292</b>	<b>-</b>	<b>6 064</b>	<b>4 225 736</b>	<b>7 521 890</b>
<b>Non-current liabilities</b>									
Staff Provident Fund	5 404 231	-	-	-	-	-	-	5 404 231	5 704 161
Provision for employee benefits (long term)	325 863	-	-	-	-	-	-	325 863	367 683
<b>Total non-current liabilities</b>	<b>5 730 094</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5 730 094</b>	<b>6 071 844</b>
<b>TOTAL LIABILITIES</b>	<b>7 418 304</b>	<b>746 177</b>	<b>8 373</b>	<b>9 620</b>	<b>1 767 292</b>	<b>-</b>	<b>6 064</b>	<b>9 955 830</b>	<b>13 593 734</b>
<b>NET ASSETS</b>	<b>19 403 395</b>	<b>422 560</b>	<b>7 629 195</b>	<b>235 990</b>	<b>27 112 878</b>	<b>334 586</b>	<b>3 979 999</b>	<b>59 118 603</b>	<b>46 692 357</b>
<b>FUNDS' BALANCES</b>									
Balance b/f: 1 January 2022	11 755 747	481 734	7 655 119	264 506	26 172 616	362 635	-	46 692 357	52 013 012
(Deficit)/Surplus for the year to date	7 647 648	(59 174)	(25 924)	(28 516)	940 262	(28 049)	3 979 999	12 426 246	(5 320 655)
<b>GENERAL FUND AND MAJOR CLAIMS FUNDS (MCFs) BALANCES</b>	<b>19 403 395</b>	<b>422 560</b>	<b>7 629 195</b>	<b>235 990</b>	<b>27 112 878</b>	<b>334 586</b>	<b>3 979 999</b>	<b>59 118 603</b>	<b>46 692 357</b>

25.7 Statement of Financial Performance by segment:

	General Fund	Prestige MCF	Hebei Spirit MCF	Alfa I MCF	Agia Zoni II MCF	Nesa R3 MCF	Incident in Israel MCF	1992 Fund 2022	1992 Fund 2021
	£	£	£	£	£	£	£	£	£
<b>REVENUE</b>									
Contributions	12 005 404	-	-	-	-	-	3 931 570	15 936 974	97 402
Contributions-in-kind	206 400	-	-	-	-	-	-	206 400	206 400
Interest on investments	280 214	7 177	89 211	1 746	147 912	2 732	46 004	574 996	68 523
Other revenue	4 106 747	-	5 329	3 804	8 414	2 796	2 425	4 129 515	2 293 552
<b>Total revenue</b>	<b>16 598 765</b>	<b>7 177</b>	<b>94 540</b>	<b>5 550</b>	<b>156 326</b>	<b>5 528</b>	<b>3 979 999</b>	<b>20 847 885</b>	<b>2 665 877</b>
<b>EXPENSES</b>									
Compensation claims	4 840 732	-	-	-	42 893	-	-	4 883 625	1 317 433
Claims-related expenses	294 547	67 846	119 220	32 192	156 438	32 859	-	703 102	1 100 429
Personnel costs	3 186 723	-	-	-	-	-	-	3 186 723	2 985 152
Other administrative costs	1 545 328	-	-	-	-	-	-	1 545 328	1 210 221
Currency exchange differences	(912 651)	(1 495)	1 244	245	(983 267)	331	-	(1 895 593)	1 370 862
(Decrease)/increase in provision for contributions and interest on overdue contributions	(3 562)	-	-	1 629	-	387	-	(1 546)	2 435
<b>Total expenses</b>	<b>8 951 117</b>	<b>66 351</b>	<b>120 464</b>	<b>34 066</b>	<b>(783 936)</b>	<b>33 577</b>	<b>-</b>	<b>8 421 639</b>	<b>7 986 532</b>
<b>(DEFICIT)/SURPLUS FOR THE YEAR</b>	<b>7 647 648</b>	<b>(59 174)</b>	<b>(25 924)</b>	<b>(28 516)</b>	<b>940 262</b>	<b>(28 049)</b>	<b>3 979 999</b>	<b>12 426 246</b>	<b>(5 320 655)</b>

25.8 Reconciliation between segmented statements and entity level statements:

	Note	Assets	Liabilities	Revenue	Expenses
Totals in segment reporting	25	69 074 433	9 955 830	20 847 885	8 421 639
Inter-fund loan	25	-	-	-	-
Inter-fund loan interest	25	-	-	(4 060)	(4 060)
Totals in Statements 1 and 2		69 074 433	9 955 830	20 843 825	8 417 579

## Note 26 — Contingent liabilities

- 26.1 The information has been compiled using data available to 17 March 2023. Since then, no significant changes have taken place.
- 26.2 It should be noted that any estimate in this Note, of amounts to be paid by the 1992 Fund in compensation, has been made solely for the purpose of assessment of contingent liabilities without prejudice to the position of the 1992 Fund in respect of the claims. The estimated expenditure under the item 'Other costs' relates to legal and technical costs for the next financial year, i.e. for 2023. The rate applied is the rate of exchange for the pound sterling against various currencies on 31 December 2022 as published in the London Financial Times.
- 26.3 There are contingent liabilities of the 1992 Fund estimated at £78 622 000 (2021: £45 998 000) in respect of 11 incidents as at 31 December 2022.
- 26.4 Details of the contingent liabilities at 31 December 2022, given in rounded figures, are set out below:

Incident	Date	Compensation (incident currency)	Compensation £	Other costs £	2022 Total £	2021 Total £
1 <i>Prestige</i>	13.11.02		-	75 000	<b>75 000</b>	75 000
2 <i>Solar 1</i>	11.08.06	STOPIA 2006	-	30 000	<b>30 000</b>	15 000
3 <i>Hebei Spirit</i>	07.12.07		-	30 000	<b>30 000</b>	170 000
4 <i>Redferm</i>	30.03.09		-	20 000	<b>20 000</b>	10 000
5 <i>Haekup Pacific</i>	20.04.10	STOPIA 2006	-	15 000	<b>15 000</b>	25 000
6 <i>Alfa I</i>	05.03.12		-	100 000	<b>100 000</b>	75 000
7 <i>Nesa R3</i>	19.06.13		-	50 000	<b>50 000</b>	50 000
8 <i>Trident Star</i> <i>Nathan E.</i>	24.08.16	STOPIA 2006	<i>Incident closed in 2022</i>			50 000
9 <i>Stewart</i>	13.10.16		-	5 000	<b>5 000</b>	5 000
10 <i>Agia Zoni II</i>	10.09.17	EUR 37.6 million	33 397 000	300 000	<b>33 697 000</b>	31 976 000
11 <i>Bow Jubail</i>	23.06.18	EUR 36.0 million <sup>&lt;10&gt;</sup>	31 940 000	250 000	<b>32 190 000</b>	250 000
12 Incident in Israel	17.02.21	ILS 51.6 million	12 160 000	250 000	<b>12 410 000</b>	13 297 000
<b>TOTAL</b>			<b>77 497 000</b>	<b>1 125 000</b>	<b>78 622 000</b>	<b>45 998 000</b>

### 26.5 *Prestige*

- 26.5.1 In December 2018, the Supreme Court in Spain delivered its judgment on the quantification of the losses resulting from the *Prestige* incident, awarding some EUR 1 439.1 million (after amendments) (losses of some EUR 885 million plus pure environmental and moral damages of some EUR 554.1 million). The judgment clarified that only the losses were recoverable from the 1992 Fund. In addition, the judgment awarded interest and costs.
- 26.5.2 The total amount of the established claims in the *Prestige* incident exceeds the maximum amount available for compensation under the 1992 Conventions; SDR 135 million corresponding to EUR 171 520 703 (some EUR 22.8 million under the 1992 Civil Liability Convention (CLC) and some EUR 148.7 million under the 1992 Fund Convention).

<sup><10></sup>

The Supreme Court issued a decision on this incident on 31 March 2023 which is disclosed at paragraph 29.4.

- 26.5.3 The Court in charge of the enforcement of the Supreme Court judgment issued an order in March 2019 requesting the 1992 Fund to pay the limit of its liability after deducting the amounts already paid, i.e. some EUR 28 million.
- 26.5.4 The 1992 Fund has paid a total of some EUR 147.9 million, including EUR 57 555 000 and EUR 56 365 000 paid to the Spanish State in 2003 and 2006, respectively; EUR 328 488 to the Portuguese State in 2006; some EUR 5.8 million to French claimants and a payment of some EUR 27.2 million into the Spanish Court in April 2019.
- 26.5.5 The balance payable by the 1992 Fund in compensation is some EUR 805 275, which is being retained by the 1992 Fund to possibly pay claimants with legal actions pending before the French courts amounting to some EUR 800 000 and a further EUR 4 800 available to pay the Portuguese Government who are not party to the legal proceedings in Spain. The amount still to be paid was provided for in 2017 following the November 2017 judgment.
- 26.5.6 For the purposes of contingent liabilities, fees and other costs have been estimated at £75 000 (2021: £75 000).
- 26.6 Solar 1
- 26.6.1 The owner of the *Solar 1* is a party to STOPIA 2006 whereby the limitation amount applicable to the tanker is increased, on a voluntary basis, to SDR 20 million. It is very unlikely that the amount of compensation payable in respect of this incident will exceed the STOPIA 2006 limit of SDR 20 million and, therefore, very unlikely that the 1992 Fund will be called upon to pay compensation.
- 26.6.2 Two claims remain outstanding, namely a claim by 967 fisherfolk assessed at PHP 13.5 million and a claim by a group of municipal employees assessed at PHP 1.2 million.
- 26.6.3 Under STOPIA 2006, compensation payments made over the 1992 CLC limit are paid initially by the 1992 Fund and reimbursed by the relevant P&I Club up to the maximum amount of SDR 20 million.
- 26.6.4 For the purpose of the contingent liabilities, costs have been estimated at an amount of £30 000 (2021: £15 000).
- 26.7 Hebei Spirit
- 26.7.1 In August 2019, the Supreme Court rejected objections to the distribution of the limitation fund established by the shipowner, finalising all legal proceedings which has enabled the limitation fund to be distributed. The total amount awarded by the courts of the Republic of Korea is KRW 432.9 billion. Therefore, the total amount of established claims in respect of this incident has exceeded SDR 203 million, corresponding to KRW 321.6 billion, the maximum amount available for compensation under the 1992 Conventions.
- 26.7.2 The shipowner's insurer, the Skuld Club, reached the limit as per its Letter of Undertaking in 2015 and the 1992 Fund commenced making compensation payments. In April 2019, the 1992 Fund, following a bilateral agreement with the Government of the Republic of Korea, paid the remaining amount due to the Government of KRW 27 486 198 196 resulting in the overall payment of KRW 134 787 509 429 to the Government by the 1992 Fund.
- 26.7.3 In April 2019, the 1992 Fund made a further balancing payment totalling KRW 22 billion, bringing the total amount paid to KRW 44 billion. In November 2019, all legal proceedings related to the incident were finalised, and consequently, the remaining balance of KRW 3 454 578 571 payable to the Skuld Club was paid in July 2020. As at 31 December 2022, the total amount paid to the Club was KRW 47 454 578 571 (KRW 22 billion both in 2018 and 2019, and KRW 3 454 578 571 in 2020).

In August 2021, following a joint costs reconciliation, the 1992 Fund made a payment of £285 389.62 to the Skuld Club as a reconciling payment for all joint costs paid up to the end of 2020.

26.7.4 In February 2021, the SHI Limitation Court issued a decision on the SHI limitation fund and recognised the 1992 Fund's claim in full plus interest. In June 2021, it paid to the 1992 Fund its share of the limitation fund, totalling some £2.2 million. This amount was deposited in the 1992 Fund's account and was added to the amount available under the Major Claims Fund until the incident is formally closed.

26.7.5 While the incident is now closed, storage costs are still being incurred. Therefore, for the purpose of contingent liability, further amounts payable by the 1992 Fund, including legal costs and joint costs, have been estimated at £30 000 (2021: £170 000).

## 26.8 Redfferm

26.8.1 In late January 2012, the 1992 Fund was informed of an incident that occurred on 24 March 2009 at Tin Can Island, Lagos, Nigeria. Under the 1992 CLC, the limit of liability of the barge *Redfferm* is believed to be SDR 4.51 million (£4.6 million) based on a preliminary estimation of the size of the barge.

26.8.2 A claim was filed in March 2012 against the 1992 Fund by 102 communities allegedly affected by the incident for USD 26.25 million.

26.8.3 In February 2014, following the October 2013 session of the 1992 Fund Executive Committee, the Secretariat wrote to the claimants rejecting their claims on the basis that the barge *Redfferm* was not a 'ship' within the definition of Article I(1) of the 1992 CLC and because insufficient information had been submitted in support of the claims submitted.

26.8.4 The Director has not been authorised by the 1992 Fund Executive Committee to make payment for this incident. It is expected that some legal costs will be incurred since legal proceedings in Nigeria are continuing, and the 1992 Fund will have to defend its position.

26.8.5 In late February 2022, the 1992 Fund was notified by its Nigerian lawyers that the Federal High Court had delivered summary judgment against the first and second Defendants (the owners/charterers of the *MT Concep* and *Redfferm*, respectively) and granted the claimants' claim as per their Statement of Claim in the sum of USD 92 602 000. The Judge also awarded the claimants USD 5 000 000 as 'general damages'. However, given the financial standing of the parties involved, it is possible that judgment may, in time, be attempted to be enforced against the 1992 Fund.

26.8.6 The Judge did not refer to pleadings filed by some defendants (including the 1992 Fund) in opposition to the claimants' application for final judgment. The 1992 Fund's lawyer requested a certified copy of the judgment and, upon receipt of this, a more complete understanding of the judgment may be obtained.

26.8.7 For the purpose of the contingent liabilities, fees and other costs have been estimated at £20 000 (2021: £10 000).

## 26.9 Haekup Pacific

26.9.1 In April 2013, the Secretariat was informed of an incident that took place in April 2010 in the Republic of Korea. The *Haekup Pacific*, an asphalt carrier of 1 087 GT built in 1983, was involved in a collision with the *Zheng Hang*.

26.9.2 The *Haekup Pacific* was entered as a 'relevant ship' within the definition of STOPIA 2006 and, therefore, the agreement applies.

- 26.9.3 The UK P&I Club retained surveyors who estimated that the cost of the oil removal operation would be in the region of USD 5 million whereas the wreck (with the cargo on board) removal operation would cost in excess of USD 25 million.
- 26.9.4 In April 2013, the shipowner/UK P&I Club issued legal proceedings against the 1992 Fund in order to protect their rights in respect of any future liability for costs of the removal operations which they might have to pay. The legal proceedings commenced by the shipowner/UK P&I Club were withdrawn in June 2013.
- 26.9.5 In April 2016, the shipowner and insurer filed a claim for USD 25.1 million in accordance with the STOPIA 2006 arrangement against the 1992 Fund before the expiry of the six-year time-bar, in order to preserve the shipowner and insurers' rights against the 1992 Fund in the event that they be instructed to comply with the wreck and oil removal orders. However, no decision was taken at that time to revoke the oil and wreck removal orders or to enforce them. In 2017, the Court dealing with the dispute between the shipowners of the colliding vessels decided that since the wreck and oil removal orders remained in place, the *Haekup Pacific* owners/insurers were obliged to remove the wreck and oil on board. As a consequence, it is reasonable to deem that those costs had, in fact, arisen. The shipowner/insurer of the *Zheng Hang*, the colliding vessel, appealed against the Seoul High Court's judgment and the matter was referred to the Supreme Court of Korea. In September 2019, the authorities requested a report from the shipowner/insurer in order for a final decision to be made on wreck and oil removal. In 2020, the Supreme Court of Korea rendered its judgment and remanded the case to the appellate court, so that it could consider the question concerning whether the vessel's salvage and removal would be necessary and whether the administrative orders to salvage and remove the vessel should be revoked.
- 26.9.6 An operation to remove the remaining bunker fuels on board the sunken vessel took place in 2022 and the costs of this, and the question of whether such operation was indeed necessary, will need to be discussed by the 1992 Fund Executive Committee. It is considered unlikely that any claim will be submitted for the costs as they are within the STOPIA 2006 limit of SDR 20 million.
- 26.9.7 For the purpose of the contingent liabilities, fees and other costs have been estimated at £15 000 (2021: £25 000).
- 26.10 *Alfa I*
- 26.10.1 The *Alfa I* incident occurred near Piraeus, Greece, in March 2012. Greece is a Party to the 1992 CLC, 1992 Fund Convention and the Supplementary Fund Protocol. Since the tonnage of *Alfa I* (1 648 GT) was below 5 000 units, the limitation amount applicable under the 1992 CLC is SDR 4.51 million (EUR 5.22 million). The tanker had an insurance policy limited to EUR 2 million, which did not cover pollution by persistent oil.
- 26.10.2 Six claims totalling EUR 16.1 million were submitted to the shipowner by two clean-up contractors. In addition, a claim by the Greek authorities of EUR 222 000 had been filed against the shipowner. The 1992 Fund has not been formally notified of the claim by the Greek authorities, and no further information has been provided by the shipowner.
- 26.10.3 At the April 2016 sessions of the governing bodies, the Executive Committee authorised the Director to settle the main contractor's claim for EUR 12 million and to claim back from the insurer the 1992 CLC limit. In December 2016, the 1992 Fund was informed that the insurer would likely be put into voluntary liquidation as it could not comply with Greek insurance solvency regulations.
- 26.10.4 In March 2018, the Piraeus Court of Appeal issued its judgment. The judgment distinguished the case of carriage of more than 2 000 tonnes of oil (in which case the 1992 CLC right to limit applies) from the case of carriage of less than 2 000 tonnes of oil and held that in either case, there was an obligation



to insure and a right of direct action against the insurer. The judgment also held that since no limitation fund had been established in this case, the insurer was liable for the full amount claimed by the main clean-up contractor, i.e. for EUR 15.8 million.

26.10.5 The 1992 Fund filed applications for prenotated mortgages against the unencumbered buildings owned by the insurer. Since then, legal proceedings have been undertaken, with the latest situation being that the 1992 Fund has two judgments in its favour, one against, and two appeals have been submitted to the Supreme Court of Appeal, with the first hearing date having occurred in February 2020. In late 2020, the Supreme Court issued judgment 1000/2020 dismissing the insurer's appeal. This concluded the dispute of whether the 1992 Fund was entitled to register prenotated mortgages, as the 1992 Fund was successful in both appeals before the Supreme Court. The Athens Court of Appeal is obliged to comply with the judgment by the Supreme Court, and to order the land registries to record the prenotated mortgages. The 1992 Fund's lawyers attempted to convince the Supreme Court to order the land registries to do so without further delay, but the Supreme Court insisted upon the land registries being ordered to do so by the Athens Court of Appeal, and a court hearing was set for June 2022. A judgment from the Athens Court of Appeal confirming the Supreme Court judgment is expected shortly.

26.10.6 In June 2019, the insurer filed an appeal to the Supreme Court against the March 2018 judgment. The 1992 Fund has also filed an appeal to the Supreme Court supporting the obligatory insurance provisions under Article VII of the 1992 CLC. The appeal was set to be heard in February 2021. However, in January 2020, the 1992 Fund was informed that the Fund's claims against the liquidation fund of the insurer had been dismissed by the liquidator. Despite further enquiries made by the 1992 Fund's Greek lawyers, no reason has yet been provided for the dismissal, and further details are awaited from the Bank of Greece, being the supervising authority of the liquidation. The Fund's lawyers have sent the liquidator an extrajudicial declaration requesting the full list of claims and the justification for the dismissal of the Fund's claim. Further legal steps before the Athens Court of First Instance may be necessary to try to reinstate the Fund's claims before the liquidator.

26.10.7 A provision had already been made for the second clean-up contractor's claim that has been assessed by the 1992 Fund at EUR 100 000, which includes interest and legal costs. An offer of settlement at this figure was made to the second clean-up contractor in January 2017. However, the claimant did not accept the offer and the claim became time-barred. This provision was reversed in 2018. However, in September 2019, the 1992 Fund was served with legal proceedings by the second clean-up contractor for some EUR 349 400 plus interest. The claim was heard by the Piraeus Court of First Instance in late January 2020 and the 1992 Fund defended the claim on the basis of the time bar. Due to the effect of the COVID-19 pandemic on the court timetable, there were no further developments to report in 2020. However, the second clean-up contractor subsequently appealed the First Instance judgment, and a hearing took place in September 2021. In 2021, the 1992 Fund was successful at First Instance with its appeal to have its claim reinstated against the liquidator's list of claims, but the insurer appealed the judgment and a hearing took place in late 2021. The liquidator appealed the decision to reinstate the claims, and a final decision is still pending.

26.10.8 For the purpose of the contingent liabilities, fees and other costs have been estimated at £100 000 (2021: £75 000).

## 26.11 Nesa R3

26.11.1 On 19 June 2013, the 856 GT tanker *Nesa R3*, carrying 840 tonnes of bitumen from the port of Bandar Abbas in the Islamic Republic of Iran, sank off the Port Sultan Qaboos, Muscat, Sultanate of Oman, tragically claiming the life of its master.

26.11.2 In October 2013, the Government of Oman commenced legal action against the shipowner in the Court of Muscat, as the shipowner had refused to meet its obligation under the 1992 CLC. The insurer

of the ship had also refused to consider any claims, citing the country of origin of the cargo as the reason.

26.11.3 In view of the considerations above, the 1992 Fund Executive Committee, at its session in October 2013, decided to authorise the Director to make payments of compensation in respect of claims arising from this incident.

26.11.4 In February 2016, the 1992 Fund joined the legal action by the Government of Oman against the shipowner and the insurer of the *Nesa R3*.

26.11.5 All claims in respect of this incident were settled in 2018. Thirty-three claims totalling OMR 5 915 218 have been received by the 1992 Fund. Twenty-eight claims have been settled and paid for a total amount of OMR 3 521 366 and BHD 8 419.35. The remaining claims have been assessed at nil.

26.11.6 In January 2018, the Court of Muscat issued a judgment which awarded OMR 1 777 113.44 and BHD 8 419.35 to the 1992 Fund. These payments correspond to the payments made up to the date of the judgment. The 1992 Fund is trying to pursue the shipowner/insurer to enforce the judgment.

26.11.7 Having reached a settlement of all the claims with the 1992 Fund, the Omani Government undertook to withdraw all claims from the proceedings. The claims have not yet been withdrawn. In the meantime, legal proceedings in the Court of Muscat are continuing.

26.11.8 For the purpose of the contingent liabilities, fees and other costs have been estimated at £50 000 (2021: £50 000).

#### 26.12 Nathan E. Stewart

26.12.1 In October 2018, the Director was served with proceedings concerning an incident that occurred two years earlier in 2016. On 13 October 2016, the articulated tug-barge (ATB), composed of the tug *Nathan E. Stewart* and the tank barge *DBL 55*, ran aground on Edge Reef near Athlone Island, at the entrance to the Seaforth Channel, approximately 10 nautical miles west of Bella Bella, British Columbia, Canada. The tug's hull was eventually breached and approximately 110 000 litres of diesel oil was released into the environment. The tug subsequently sank and separated from the barge.

26.12.2 A First Nation community consisting of five tribes has brought a legal action against the owner, operators, the master and an officer of the *Nathan E. Stewart/DBL 55* ATB at the Supreme Court of British Columbia. The claimants also include as third parties, among others, the Ship-source Oil Pollution Fund (SOPF) in Canada, the 1992 Fund and the Supplementary Fund.

26.12.3 The application of the Conventions is not clear in this case, principally on two fronts: firstly it has not been established whether the *Nathan E. Stewart/DBL 55* ATB could be considered a 'ship' under Article I(1) of the 1992 CLC; and secondly, even if this were the case, the unit was not actually carrying oil in bulk as cargo at the time of the incident and it is not clear whether it was carrying any persistent oil in bulk as cargo during any previous voyage. Its last known cargo was jet fuel, a non-persistent product.

26.12.4 The legal action brought by the First Nation community at the Supreme Court of British Columbia has been stayed by the Federal Court of Canada pursuant to an order rendered in July 2019 in the context of limitation proceedings commenced by the owners of the tug and the barge. The Federal Court has ordered that a limitation fund be constituted pursuant to the International Convention on Civil Liability for Bunker Oil Pollution Damage, 2001 (Bunkers Convention 2001), and the Convention on Limitation of Liability for Maritime Claims, 1976, as modified by the 1996 Protocol (LLMC 76/96), on the basis of the combined tonnage of the tug and barge. The Court has also concluded that there is no factual basis upon which a limitation fund under the 1992 CLC could be constituted at this time.

26.12.5 Even if this case were proved to fall under the 1992 Civil Liability and Fund Conventions, there is no indication that the damages would exceed the shipowner's liability limit under the 1992 CLC.

26.12.6 For the purpose of the contingent liabilities, fees and other costs have been estimated at £5 000 (2021: £5 000).

#### 26.13 Agia Zoni II

26.13.1 On 10 September 2017, the tanker *Agia Zoni II* sank at anchor in the Piraeus anchorage area, spilling approximately 700 tonnes of crude oil on the coast of Salamina Island, and subsequently around the coast of Piraeus along some 20 to 25 kilometres of coastline. The insurer (a fixed premium insurer) established a Limitation Fund for EUR 5.41 million and made it clear that it did not consider itself liable for any costs incurred thereafter.

26.13.2 Extensive clean-up operations commenced involving, at times, over 400 personnel. Oil removal operations from the wreck were concluded by 30 October 2017. The salvors were then instructed to remove the wreck at no cost to the Greek Government. The wreck was lifted by 30 November 2017.

26.13.3 Given the impact on the coastline and the importance of the incident to the Greek Government, a local Claims Submissions Office was set up in October 2017.

26.13.4 The limitation fund administrator has concluded the claims evaluation procedure of the 84 claims filed at the Limitation Court (totalling EUR 94.4 million) by publishing his provisional assessments with an assessed figure totalling EUR 45.45 million. Every claimant against the Limitation Fund had the right to accept or appeal the provisional assessment by the end of September 2019, but only eight claimants appealed the assessment. A court hearing took place in January 2020 to deal with the appeals lodged against the limitation fund administrator's assessments. A further hearing took place on 25 February 2020.

26.13.5 By 17 March 2022, the 1992 Fund had received 423 claims amounting to EUR 98.6 million and USD 175 000, with 415 claims approved and compensation payments totalling EUR 14.9 million paid. The 1992 Fund subrogated the claims it had paid against the limitation fund before the deadline (5 May 2018) for filing claims expired, but not all of them were accepted and the 1992 Fund has appealed the limitation fund administrator's assessment.

26.13.6 In July 2019, the 1992 Fund was served with legal proceedings filed at the Piraeus Court of First Instance by two of the clean-up contractors for the balance of their unpaid claims amounting to EUR 30.26 million and EUR 24.74 million, respectively, after deducting the advance payments made so far. In December 2019, the third clean-up contractor also served the 1992 Fund with legal proceedings for its claim of EUR 8.9 million.

26.13.7 In September 2019, the 1992 Fund was served with legal proceedings by representatives of 78 fisherfolk, 39 of whom had already filed claims with the 1992 Fund's Claims Submissions Office. Various court hearings took place throughout 2022 with no substantive developments.

26.13.8 Through 2020, further legal proceedings were served on the 1992 Fund. Currently, the 1992 Fund faces 58 legal cases (some for several claimants), amounting to claimed compensation of EUR 80 039 363. On an initial assessment, many of these claims were assessed as zero by the 1992 Fund's experts. Furthermore, of these claims, many are already included within the limitation fund proceedings. Of the writs filed against the 1992 Fund, the net exposure is some EUR 10.3 million, after discounting those claims already filed against the limitation fund.

26.13.9 It is still early to determine what the final 1992 Fund's liability for this incident will be as claims are still being received and are being assessed. At the time of the incident, experts engaged by the 1992 Fund estimated that compensation in the region of some EUR 50 million to EUR 60 million may be payable for this incident. This amount includes the amount payable under the 1992 CLC, leaving an estimated amount of some EUR 55 million payable by the 1992 Fund.

26.13.10 The estimated amount payable by the 1992 Fund is set out below:

<b>Agia Zoni II incident</b>	<b>Amount in euros</b>
Estimated compensation payable	60 000 000
Less CLC limit	5 400 000
Estimated liability for 1992 Fund	54 600 000
Less Compensation paid to 31 December 2022	(14 966 754)
Less Compensation Provision brought forward from 2021	(1 974 217)
Less Compensation Provision for 2022	(17 530)
<b>Contingent liability</b>	<b>37 641 449</b>

26.13.11 For the purpose of contingent liabilities, compensation is estimated at EUR 37.6 million (£33.4 million) (2021: £31.2 million) and fees and other costs at £300 000 (2021: £330 000).

#### 26.14 Bow Jubail

26.14.1 At its April 2019 session, the 1992 Fund Executive Committee noted that on 23 June 2018, the oil and chemical tanker m.t.v. *Bow Jubail* (23 196 GT) collided with a jetty owned by LBC Tank Terminal in Rotterdam, the Kingdom of the Netherlands. As a consequence of the collision, a leak occurred in the area of the starboard bunker tank, resulting in a spill of fuel oil into the harbour. At the time of the incident, the *Bow Jubail* was in ballast.

26.14.2 The shipowner applied before the Rotterdam District Court for leave to limit its liability in accordance with the LLMC 76/96 (SDR 14 312 384). The shipowner argued that the incident was covered under Article 1.8 of the Bunkers Convention 2001.

26.14.3 In November 2018, the Rotterdam District Court decided that the shipowner had not proved that the tanker did not contain residues of persistent oil at the time of the incident and that, therefore, the *Bow Jubail* qualified as a ship as per Article I(1) of the 1992 CLC. The shipowner appealed to the Court of Appeal in The Hague.

26.14.4 The ship is insured with Gard P&I (Bermuda) Ltd, which is a member of the International Group of P&I Associations. The limitation amount applicable to the *Bow Jubail* if the 1992 CLC were to apply would be SDR 15 991 676. However, the owner of the *Bow Jubail* is a party to STOPIA 2006 whereby the shipowner would indemnify, on a voluntary basis, the 1992 Fund for the difference between the limitation amount applicable to the *Bow Jubail* under the 1992 CLC and the amount of compensation paid by the 1992 Fund, up to a limit of SDR 20 million.

26.14.5 It is likely that the total pollution damage will exceed the limit that would apply to the ship under the 1992 CLC and in that case, both the 1992 Fund Convention and the Supplementary Fund Protocol could apply to this incident. The total estimated liability is in the region of EUR 60 million.

26.14.6 However, if the shipowner is successful in proving that there were no such residues on board, the incident would fall under the Bunkers Convention 2001 and, therefore, the limitation amount of the LLMC 76/96 would apply and the 1992 Fund would not be involved in this case.

26.14.7 The Court of Appeal in The Hague rendered its judgment on 27 October 2020, confirming the Rotterdam District Court's judgment that the *Bow Jubail* qualified as a ship as per Article I(1) of the 1992 CLC.

26.14.8 The shipowner has appealed to the Supreme Court and the 1992 Fund's application to join the proceedings has been accepted by the Supreme Court. The Fund will therefore participate in the proceedings. A decision is expected within the next six months<sup><11></sup>.

26.14.9 For the purpose of contingent liabilities, fees and other costs have been estimated at £250 000 (2021: £250 000).

#### 26.15 Incident in Israel

26.15.1 On 17 February 2021, tar balls washed up along the Israeli coastline in a storm of 4-metre wave height and strong winds of up to 35–50 knots. The tar balls, ranging in severity from medium-heavy pollution to very light dispersed tar balls, kept being washed ashore until 21 March 2021. The pollution affected the entire coastline of Israel to varying degrees.

26.15.2 At its July 2021 session, the 1992 Fund Executive Committee decided that the pollution which had affected the coastline of Israel could be considered a spill from an unknown source (a so-called 'mystery spill') and that, therefore, the 1992 CLC and the 1992 Fund Convention applied to this incident.

26.15.3 Thirty-four claims for clean-up activities and economic losses have been submitted, totalling ILS 21.7 million (some £5 million). However, the Israeli Government informed the 1992 Fund that they had already incurred clean-up costs totalling ILS 55 million (£13 million) and that further claims will be submitted. More claims are expected in other sectors.

26.15.4 The estimated amount payable by the 1992 Fund is set out below:

Incident in Israel	Amount in ILS
Estimated compensation payable	55 000 000
Less Compensation paid to 31 December 2022	(105 024)
Less Compensation Provision added in 2022	(3 283 566)
<b>Contingent liability</b>	<b>51 611 410</b>

26.15.5 The Fund has appointed a local focal point as well as local lawyers to deal with the case. For the purpose of contingent liabilities, compensation has been estimated at ILS 51.6 million, and fees and other costs have been estimated at £250 000 (2021: £250 000).

<sup><11></sup>

The Supreme Court issued a decision on this incident on 31 March 2023, which is disclosed at paragraph 29.4.

## Note 27 — Commitments

- 27.1 On 15 February 2016, the Secretary-General of IMO and the Director of the IOPC Funds signed an agreement whereby IMO agrees to underlet the IOPC Funds office space on the first-floor rear wing in its headquarters building. The lease came into effect on 1 March 2016 and will expire on 25 October 2032, with rent fixed at £258 000 per annum until the break point of 31 October 2024.
- 27.2 The UK Government meets 80% of the costs related to the rental of the Secretariat's office premises in the IMO headquarters building.
- 27.3 Future minimum lease payments payable by the 1992 Fund for the office in the IMO headquarters building:

	Secretariat office/storage space (100%) £
Not later than one year	258 000
Later than one year and not later than five years	215 000

## Note 28 — Related parties and key management personnel

- 28.1 Key management personnel:

	2022	2021
Number of individuals	5	5
	£	£
Basic salary and post adjustment	743 405	780 500
Entitlements	37 731	46 903
Provident Fund and health insurance	190 307	188 788
Post-employment benefits	116 750	128 409
<b>Total remuneration</b>	<b>1 088 193</b>	<b>1 144 600</b>
Outstanding loans	-	-

- 28.2 For the period January to May 2022, the Management Team consisted of the Director, the Deputy Director/Head of the Finance and Administration Department, the Head of the External Relations and Conference Department, the Head of the Claims Department and the Head of the Information Technology Department. In June 2022, the Management Team was reconfigured to consist of: the Director; the Deputy Director/Head of the Claims Department; the Head of the External Relations and Conference Department; and the Head of the Administration Department. Related party disclosures in line with the International Public Sector Accounting Standards (IPSAS) requirements are included in the notes to the Financial Statements.
- 28.3 In 2022, the aggregate remuneration paid to key management personnel included: net salaries, post-adjustment, entitlements such as representation allowance and other allowances, and the organisation's contribution to the Provident Fund and health insurance.
- 28.4 Key management personnel are also qualified for post-employment benefits at the same level as other employees. These benefits have been estimated by the management.



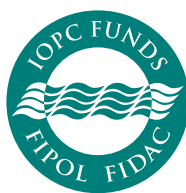
## 28.5 Related parties

The Director is *ex officio* Director of the Supplementary Fund. The Supplementary Fund is a related party to the 1992 Fund as they are both administered by the 1992 Fund Secretariat, for which the Supplementary Fund pays the 1992 Fund a management fee of £38 000 (2021: £36 000). At year-end, an amount of £42 237 was receivable from the Supplementary Fund, which was settled in January 2023.

### Note 29 — Events after reporting date

- 29.1 The 1992 Fund's reporting date is 31 December 2022.
- 29.2 On 28 February 2023, the *Princess Empress* (508 GT) sunk off the Coast of Naujan, Oriental Mindoro, Philippines. The vessel was carrying 800 000 litres of fuel-oil (IFO). It is predicted that, aside from clean up and preventive measures, there will be many claims in the fisheries and tourism sectors.
- 29.3 The 1992 CLC limit of liability applicable to the *Princess Empress* is SDR 4.5 million. It is likely that the 1992 CLC limit will be reached and at that point, the 1992 Fund would be liable to pay compensation. The 1992 Fund would be reimbursed by the shipowner's insurer for payments of compensation up to a limit of SDR 20 million under STOPIA 2006. It is not yet possible to quantify any financial liability for the 1992 Fund.
- 29.4 On 31 March 2023, the Supreme Court in the Netherlands issued a judgment on proceedings in the case of *Bow Jubail* and which confirmed that this incident will be covered by the 1992 CLC and the 1992 Fund Convention. STOPIA 2006 also applies to this incident. Estimated liability is EUR 60 million with SDR 20 million (estimated at EUR 24 million, with the exact conversion date to be confirmed) covered by STOPIA 2006. The remaining EUR 36 million has been added as a contingent liability in the table at paragraph 26.4.
- 29.5 On the date of signing these Financial Statements, there have been no other material events, favourable or unfavourable, incurred between the balance sheet date and the date when the Financial Statements were authorised for issue that would have impacted these statements.
- 29.6 The date of authorisation for issue is the date of certification by the External Auditor.





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