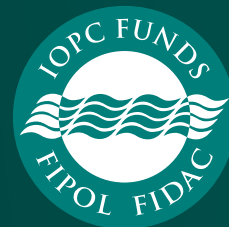


Financial Review

International Oil Pollution
Compensation Funds



1992 Fund

Financial Statements for the year ending
31 December 2023 and Auditor's Report and Opinion

2023



2023 Financial Statements and Auditor's Report and Opinion
International Oil Pollution Compensation Fund, 1992

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SECTION ONE

DIRECTOR'S COMMENTS ON THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD 1 JANUARY TO 31 DECEMBER 2023

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 1992 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 A Protocol to the 1992 Fund Convention adopted in 2003 resulted in the establishment of the International Oil Pollution Compensation Supplementary Fund (Supplementary Fund), which provides an optional third tier of compensation. The Supplementary Fund is a related party to the 1992 Fund.
- 1.4 The maximum amount of compensation payable under the 1992 Conventions for any one incident is SDR 135 million^{<1>} 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 2023 corresponded to some £142 million and £214 million, respectively, include the sum which may be attributed to the shipowner or their insurer (Protection and Indemnity Club (P&I Club)).
- 1.5 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*, 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.
- 1.6 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>} The SDR (Special Drawing Right), the unit of account used in the Conventions, 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. The conversion rate on 31 December 2023 was SDR 1 = £1.05381, as published on the International Monetary Fund website, www.imf.org.

- 1.7 At its February/March 2006 session, the 1992 Fund Assembly took note of a voluntary agreement between owners of small tankers and their insurers, 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 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. STOPIA 2006 was amended in 2017 and since then the agreement has been known as STOPIA 2006 (as amended 2017). STOPIA 2006 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 (as amended 2017) is applicable to the *Bow Jubail* incident, which occurred in 2018 and the *Princess Empress* incident in 2023.
- 1.8 As at 31 December 2023, 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.

2 Secretariat

- 2.1 The 1992 Fund has a Secretariat, headed by a Director, based in London, United Kingdom. The relationship between the 1992 Fund and the Host State is governed by a Headquarters Agreement between the UK Government and the 1992 Fund. It defines the status, privileges and immunities of the 1992 Fund and persons connected with it to enable the 1992 Fund to fully and efficiently discharge its responsibilities and fulfil its purposes and functions. The 1992 Fund Secretariat also administers the Supplementary Fund. As at 31 December 2023, the Secretariat had 36 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 The Management Team consists of the Director, the Deputy Director/Head of the Claims Department and the Head of the Administration Department. The Head of the External Relations and Conference Department was part of the Management Team for the period January to May 2023. 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. In March 2023, the 1992 Fund and the Shipowners' P&I Club opened a central Claims Submission Office in Calapan, Oriental Mindoro to facilitate the submission of claims in respect of the *Princess Empress* incident.
- 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 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 an Audit Body of six members for a three-year term. A new Audit Body was elected at the regular session of the governing bodies held in November 2023. 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 2023, it met on three occasions in March, June 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 2023, the 1992 Fund Assembly decided to reappoint the three members of the IAB for a further term of three years.

3.2.3 The IAB normally meets four times a year, and in 2023 it met in March, June, September and December.

3.3 Financial risk management

3.3.1 The IOPC Funds maintain 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. The Secretariat conducts an annual review to prioritise key risks and ensure they are adequately mitigated. The key risks are reviewed at least annually by the Audit Body, and the Audit Body and the Director jointly identify areas of risk requiring more in-depth analysis.

3.3.2 The 1992 Fund has established a framework on internal control as set out in the Statement on Internal Control (see paragraphs 12-16).

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. Its investment policy limits the amount of credit exposure to any one counterparty and includes minimum credit quality guidelines.

4 Financial highlights for 2023

4.1 In accordance with International Public Sector Accounting Standards (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. In 2023 there were eight Major Claims Funds in place, namely

for the *Prestige*, *Hebei Spirit*, *Alfa I*, *Nesa R3*, *Agia Zoni II*, Incident in Israel, *Bow Jubail* and *Princess Empress* incidents.

- 4.2 At an entity level, the closing net asset position presented in Statement I amounted to £40.0 million (2022: £59.1 million). This represents a decrease of £19.1 million from the opening balance on 1 January 2023 due largely to the reimbursement of £7.3 million of contributions in respect of the *Hebei Spirit* Major Claims Funds which was paid in 2023 and the addition of new claims valued at a total of £11.9 million to the provision for compensation. The working capital for 2023 was maintained at £15 million, in line with the decision made by the 1992 Fund 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 2023, the total revenue was £13.4 million (2022: £20.8 million) and the total expenditure was £32.5 million (2022: £8.4 million). Reimbursement of £8.7 million was received for compensation paid in respect of the *Princess Empress* incident, in accordance with STOPIA 2006 (as amended 2017).
- 4.4 At the end of 2023, the 1992 Fund's cash and cash equivalent assets, amounting to some £59.2 million (2022: £65.4 million), were held in pounds sterling (44%) 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 (9%) were held in respect of the Incident in Israel.
- 4.5 In October 2022, the 1992 Fund Administrative Council, acting on behalf of the Assembly, decided to levy £5.5 million to the General Fund and £3.0 million to the Incident in Israel Major Claims Fund, both payable by 1 March 2023, and to reimburse £7.3 million to contributors to the *Hebei Spirit* Major Claims Fund by 1 March 2023.
- 4.6 As at 31 December 2023, outstanding contributions due to the 1992 Fund totalled £1.5 million (£1.7 million less a provision for contributions that may not be received). The Secretariat continues to work with authorities in Member States where contributions remain outstanding.
- 4.7 Other receivables amounting to £1.5 million include taxes such as VAT, recoverable from the UK Government, accrued interest on investments, accrued interest on overdue contributions, and accrued income due from P&I Clubs in relation to joint costs in respect of the *Hebei Spirit* and *Princess Empress* incidents.
- 4.8 In 2023, contribution-in-kind of £206 400 was received from the United Kingdom Government as reimbursement of 80% of the rent of the Secretariat offices in the International Maritime Organization (IMO) building.
- 4.9 Payment of compensation claims not previously provided for amounted to some £12.7 million during 2023. Compensation paid in respect of the *Princess Empress* incident was recovered from the relevant P&I Club, to the maximum amount available under STOPIA 2006 (as amended 2017) (£8.7 million).
- 4.10 Claims-related expenditure incurred in 2023 amounted to £1.8 million. Under the Memorandum of Understanding (MoU) with the International Group of P&I Clubs, the relevant P&I Clubs' share of joint costs in 2023 amounted to £1 116 in respect of the *Hebei Spirit* incident and £315 475 in respect of the *Princess Empress* incident. These amounts have 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	2023 budget appropriations £	2023 budget out-turn £	Underspend/ (overspend) as % of original budget appropriations
I Personnel	3 483 528	3 303 814	5.2%
II General services	843 177	820 764	2.7%
III Meetings	122 000	108 826	10.8%
IV Travel	150 000	110 476	26.3%
V Other expenditure	435 000	285 810	34.3%
VI Unforeseen expenditure	60 000	-	100.0%
TOTAL	5 093 705	4 629 690	9.1%

- 5.2 The total Secretariat expenses (excluding external audit fees) amounted to £4 629 690 (2022: £4 492 317). This is £464 015 or 9.1% less than the 2023 budget appropriation of £5 093 705.

- 5.3 In October 2022, the 1992 Fund Administrative Council, acting on behalf of the Assembly, approved the 2023 budget appropriation of £5 093 705 for Chapters I–VI and £54 940 for Chapter VII, giving a total of £5 148 645 (see document [IOPC/OCT22/11/1](#), paragraph 9.1.13).

5.4 Chapter I — Personnel

- 5.4.1 Expenditure under Personnel totalled £3 303 814 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 £820 764 spent within this chapter, some 26% related to office accommodation, 51% to IT (hardware, software, maintenance and connectivity) and 10% 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 £32 572, whereas the Statement of Financial Performance (Statement II) instead includes the depreciation and amortisation cost of £29 506, in line with IPSAS requirements.

- 5.5.4 Costs under this chapter make up some 18% of the total administrative expenditure.

5.6 Chapter III — Meetings

- 5.6.1 In 2023, meetings of the IOPC Funds governing bodies were held in May and November.
- 5.6.2 Costs under this chapter amounted to £108 826. This is £13 174 less than the budget appropriation of £122 000, which budgeted for a potential third session and streaming costs which were not utilised.
- 5.6.3 Costs under this chapter make up some 2% of the total administrative expenditure.

5.7 Chapter IV — Travel

- 5.7.1 Where possible, travel for conferences, seminars and missions is combined with travel in relation to incidents and the costs are shared.
- 5.7.2 Costs under this chapter were £110 476 which was £39 524 less than the budget appropriation of £150 000.
- 5.7.3 Costs under this chapter make up some 2% of the total administrative expenditure.

5.8 Chapter V — Other expenditure

- 5.8.1 Expenses under this chapter include consultants' fees amounting to £18 500. Consultants' fees cover non-incident related studies and non-incident related legal fees. In 2023, they also related to legal fees for advice on the drafting of a new resolution.
- 5.8.2 Other costs under this chapter relate to the Audit Body and Investment Advisory Body amounting to £177 769 and £89 541, respectively.
- 5.8.3 Costs under this chapter make up some 6% of the total administrative expenditure.

5.9 Chapter VI — Unforeseen expenditure

There was no expenditure under this chapter for 2023, resulting in an underspend of £60 000.

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

- 5.10.1 At its October 2019 session, the 1992 Fund Assembly 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 £67 515 in 2023 to reflect additional work required following the revision of International Standard on Auditing (ISA) 315 in the UK, as well as a 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 2023 were £4 976 171 (2022: £4 727 991), made up of staff and other personnel costs of £3 383 303 (2022: £3 186 723), and other administrative costs of £1 592 868 (2022: £1 541 268).

Expenses included	£
Statement of Financial Performance (Statement II)	4 976 171
Less:	
In accordance with IPSAS	
Accommodation costs reimbursed by the United Kingdom Government	(206 400)
Depreciation and amortisation	(29 506)
Adjustment to provision for employee benefits	(15 566)
Provision for separated employees	(63 922)
1992 Fund expense only	
External audit fees – Chapter VI	(67 515)
Add:	
Fixed asset purchase – Chapter II	32 573
Inter-fund loan interest	3 855
Joint Secretariat expenses Chapter I-VI on budget basis (paragraph 5.1)	4 629 690

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 £631 095 (2022: £507 240), including interest of £78 335, 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 £662 566 (2022: £647 000) has been made for accrued annual leave and separation benefits.
- 6.3 The 1992 Fund maintains a Contributors' Account with a balance of £969 423 (2022: £129 263) made up of reimbursement of contributions in accordance with the 1992 Fund 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. On 31 December 2023, the Contributors' Account held £818 428 of reimbursements still payable in respect of the £7.3 million *Hebei Spirit* Major Claims Fund reimbursement.
- 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 2023, PF1 had a balance of £6 395 226 (2022: £4 453 563) on the accounts of staff members. This balance reflects contributions to the Provident Fund during the financial year (£1 065 090), transfers from PF2 (£447 890), withdrawals and repayments of housing loans (£145 000) and interest earned (£283 683) on the investment of the assets of the Provident Fund (see Note 14 to the Financial Statements).
- 6.6 A net transfer of £447 890 was made by staff members from PF2 to PF1 in 2023. As at 31 December 2023, the value of the funds in PF2 was £574 407 (2022: £950 668).

7 General Fund and Major Claims Funds' balances

- 7.1 The General Fund balance on 31 December 2023 was £15 517 244 (2022: £19 403 395), showing a decrease of some £3.9 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 2023 were as follows:

Balances on Major Claims Funds	£
<i>Prestige</i> Major Claims Fund	372 739
<i>Hebei Spirit</i> Major Claims Fund	1 122 315
<i>Alfa I</i> Major Claims Fund	68 615
<i>Agia Zoni II</i> Major Claims Fund	27 126 593
<i>Nesa R3</i> Major Claims Fund	320 445
Incident in Israel Major Claims Fund	6 448 713
<i>Bow Jubail</i> Major Claims Fund	42
<i>Princess Empress</i> Major Claims Fund	(10 944 209)

- 7.3 The contingent liabilities as at 31 December 2023 were estimated at some £87.3 million (2022: £78.6 million) in respect of 12 incidents (2022: 11 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 at paragraph 10.1.

- 7.6 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, where established, the relevant Major Claims Fund is as follows:

Incident	Date of incident	Compensation £	Claims-related expenses £	Total £
<i>Prestige</i>	13/11/2002	106 621 900	24 772 856	131 394 756
<i>Solar 1*</i>	11/08/2006	8 096 211	417 023	8 513 235
<i>Hebei Spirit</i>	07/12/2007	119 575 604	37 687 762	157 263 366
<i>MT Redferm</i>	30/03/2009	-	96 941	96 941
<i>Haekup Pacific*</i>	20/04/2010	-	34 925	34 925
<i>Alfa I</i>	05/03/2012	10 856 126	1 009 833	11 865 959
<i>Nesa R3</i>	19/06/2013	6 703 800	489 104	7 192 904
<i>Nathan E. Stewart</i>	13/10/2016	-	18 179	18 179
<i>Agia Zoni II</i>	10/09/2017	14 576 221	4 407 724	18 983 945
<i>Bow Jubail**</i>	23/06/2018	-	380 616	380 616
<i>MT Harcourt</i>	02/11/2020	-	4 463	4 463
Incident in Israel	17/02/2021	910 322	349 935	1 260 257
<i>Princess Empress**</i>	28/02/2023	12 563 429	817 846	13 381 275

* Under STOPIA 2006.

** Under STOPIA 2006 (as amended 2017).

- 7.7 A detailed breakdown by year is provided at paragraph 10.1.

8 Sustainability

- 8.1 The 1992 Fund Convention provides the 1992 Fund Assembly with 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 2023, and there are no outstanding recommendations from previous financial years (paragraph 11).



Gaute Sivertsen
Director
15 July 2024

10 Claims and claims-related expenditure on a cash basis as at 31 December 2023 (figures in pounds sterling)

10.1 Cumulative expenditure for incidents open in 2023:

Incident	Year	Compensation £	Legal fees £	Technical fees £	Various fees £	Other £	Total £
<i>Prestige^{<2>}, 13 November 2002</i>							
	2023	-	86 264	-	-	-	86 264
	2022	-	67 553	-	-	293	67 846
	2021	-	46 383	-	6 836	44	53 263
	2020	-	39 049	-	27 130	29	66 208
Reimbursement from P&I Club	2019	23 502 518	226 241	150 801	36 133	9 862	23 925 555
	2019	-	-	(20 027)	-	-	(20 027)
Reimbursement from P&I Club	2018	-	361 941	146 719	27 339	7 337	543 336
	2018	-	-	(19 484)	-	-	(19 484)
Reimbursement from P&I Club	2017	-	375 037	175 527	34 033	3 912	588 509
	2017	-	-	(23 310)	-	-	(23 310)
Reimbursement from P&I Club	2016	45 229	234 346	145 060	34 392	27 326	486 353
	2016	-	-	(19 264)	-	-	(19 264)
Reimbursement from P&I Club	2015	238	66 242	42 733	28 238	6 732	144 183
	2015	-	-	(5 887)	-	-	(5 887)
Reimbursement from P&I Club	2014	38 323	204 580	53 571	25 666	10 114	332 254
	2014	-	-	(6 895)	-	-	(6 895)
Reimbursement from P&I Club	2013	53 811	904 052	340 051	131 867	11 682	1 441 463
	2013	-	-	(50 124)	-	-	(50 124)
Reimbursement from P&I Club	2012	-	882 326	454 536	51 095	6 766	1 394 723
	2012	-	-	(55 821)	-	-	(55 821)
Reimbursement from P&I Club	2011	107 197	876 299	696 430	18 108	2 692	1 700 726
	2011	-	-	(92 062)	-	-	(92 062)
Reimbursement from P&I Club	2010	62 446	1 123 739	785 355	23 309	3 195	1 998 044
	2010	-	-	(119 399)	-	-	(119 399)
Reimbursement from P&I Club	2009	253 735	1 016 806	1 389 357	33 428	3 340	2 696 666
	2009	-	-	(218 703)	-	-	(218 703)
Reimbursement from P&I Club	2008	251 641	699 131	1 241 573	34 636	3 731	2 230 712
	2008	-	-	(171 669)	-	-	(171 669)
Reimbursement from P&I Club	2007	1 109 424	661 652	1 208 692	64 583	8 488	3 052 839
	2007	-	-	(20 153)	-	-	(20 153)

Incident	Year	Compensation £	Legal fees £	Technical fees £	Various fees £	Other £	Total £
Reimbursement from P&I Club	2006	40 537 569	664 774	1 663 608	135 402	23 225	43 024 578
	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
Total to date		106 621 900	9 431 144	13 385 623	1 375 855	580 234	131 394 756
<i>Solar 1, 11 August 2006</i> (Under STOPIA 2006) ^{<3>}							
	2023	-	24 014	-	-	-	24 014
	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
Reimbursement from P&I Club	2010	17 798	8 692	635	-	897	28 022
	2010	-	-	-	-	(573)	(573)
Reimbursement from P&I Club	2009	390 508	33 077	3 800	-	7 294	434 679
	2009	-	-	-	-	(1 663)	(1 663)
Reimbursement from P&I Club	2008	281 908	-	-	-	10 990	292 898
	2008	-	(43 052)	-	(77 879)	(10 925)	(131 856)
	2007	3 835 532	46 658	0	80 677	67 167	4 030 034
	2006	1 965 877	-	-	248	39 069	2 005 194
Total to date		8 096 211	295 623	5 091	3 423	112 886	8 513 234

Incident	Year	Compensation £	Legal fees £	Technical fees £	Various fees £	Other £	Total £
<i>Hebei Spirit</i> ^{<4>} , 7 December 2007							
Reimbursement from P&I Club	2023	-	-	12 963	-	99	13 062
	2023	-	-	(1 116)	-	-	(1 116)
Reimbursement from P&I Club	2022	-	31 788	42 854	-	48 211	122 853
	2022	-	-	(3 633)	-	-	(3 633)
Reimbursement from P&I Club	2021	-	19 499	294 778	-	1 977	316 254
	2021	-	-	(4 074)	-	-	(4 074)
Reimbursement from P&I Club	2020	2 275 799	34 377	11 943	-	1 197	2 323 316
	2020	-	-	(4 587)	-	-	(4 587)
Reimbursement from P&I Club	2019	33 188 143	506 347	8 334	29 109	12 973	33 744 906
	2019	-	-	(3 667)	-	-	(3 667)
Reimbursement from P&I Club	2018	(1 861)	923 635	32 487	2 018	38 130	994 409
	2018	-	-	(14 276)	-	-	(14 276)
Reimbursement from P&I Club	2017	48 147 120	721 150	145 908	5 553	23 589	49 043 320
	2017	-	-	(64 218)	-	-	(64 218)
Reimbursement from P&I Club	2016	24 064 868	1 431 530	767 394	-	79 157	26 342 949
	2016	-	-	(337 653)	-	0	(337 653)
Reimbursement from P&I Club	2015	11 901 535	1 585 233	2 221 723	-	390 507	16 098 998
	2015	-	-	(977 507)	-	-	(977 507)
Reimbursement from P&I Club	2014	-	1 499 185	1 652 666	-	53 866	3 205 717
	2014	-	-	(715 743)	-	(343)	(716 086)
Reimbursement from P&I Club	2013	-	933 971	1 194 111	-	45 725	2 173 807
	2013	-	-	(463 652)	-	-	(463 652)
Reimbursement from P&I Club	2012	-	306 560	3 132 934	-	62 972	3 502 466
	2012	-	-	-	-	(343)	(343)
Reimbursement from P&I Club	2011	-	512 816	4 211 595	-	155 240	4 879 651
	2011	-	-	-	-	(5 359)	(5 359)
Reimbursement from P&I Club	2010	-	287 299	5 907 901	-	150 818	6 346 018
	2010	-	-	(1 523)	-	(12 793)	(14 316)
Reimbursement from P&I Club	2009	-	2 332 643	5 072 399	31 312	110 021	7 546 375
	2009	-	-	(9 320)	-	(21 255)	(30 575)
	2008	-	248 382	2 903 118	156	96 682	3 248 338
	2007	-	-	-	-	1 989	1 989
Total to date		119 575 604	11 374 415	25 012 139	68 148	1 233 060	157 263 366

Incident	Year	Compensation £	Legal fees £	Technical fees £	Various fees £	Other £	Total £
<i>Redfferm, 30 March 2009</i>							
	2023	-	4 250	-	-	-	4 250
	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
Total to date		0	64 850	18 805	0	13 286	96 941
<i>Haekup Pacific, 20 April 2010</i>							
	2023	-	780	-	-	-	780
	2022	-	1 125	-	-	33	1 158
	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
Total to date		-	34 260	-	424	241	34 925
<i>Alfa I, 5 March 2012</i>							
	2023	-	204 474	-	-	-	204 474
	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

Incident	Year	Compensation £	Legal fees £	Technical fees £	Various fees £	Other £	Total £
	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
Total to date		10 856 126	904 662	63 626	2 339	39 206	11 865 959
<i>Nesa R3, 19 June 2013</i>							
	2023	-	24 516	6 690	-	-	31 206
	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
Total to date		6 703 800	277 080	118 271	37 401	56 352	7 192 904
<i>Nathan E. Stewart ^{<5>}, 13 October 2016</i>							
	2023	-	419	-	-	-	419
	2022	-	418	-	-	-	418
	2021	-	174	-	-	-	174
	2020	-	1 080	-	-	10	1 090
	2019	-	13 090	-	-	19	13 109
	2018	-	2 969	-	-	-	2 969
Total to date		-	18 150	-	-	29	18 179
<i>Agia Zoni II, 10 September 2017</i>							
	2023	1 399 769	135 247	8 363	-	18	1 543 397
	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
Total to date		14 576 221	1 246 136	2 942 608	181 018	37 962	18 983 945

Incident	Year	Compensation £	Legal fees £	Technical fees £	Various fees £	Other £	Total £
<i>Bow Jubail, 23 June 2018^{<6>} (Under STOPIA 2006 (as amended 2017))^{<3>}</i>							
	2023	-	69 405	-	-	727	70 132
	2022	-	149 071	-	-	-	149 071
	2021	-	54 935	-	15 057	-	69 992
	2020	-	90 731	-	690	-	91 421
Total to date		-	364 142	-	15 747	727	380 616
<i>MT Harcourt, 02 November 2020</i>							
	2023	-	-	-	-	-	-
	2022	-	-	-	-	-	-
	2021	-	-	-	4 463	-	4 463
Total to date		-	-	-	4 463	-	4 463
<i>Incident in Israel, 23 July 2021^{<6>}</i>							
	2023	883 733	-	132 869	-	133	1 016 735
	2022	26 589	-	46 044	68	10 139	82 840
	2021	-	319	152 559	7 804	-	160 682
Total to date		910 322	319	331 472	7 872	10 272	1 260 257
<i>Princess Empress, 28 February 2023 (Under STOPIA 2006 (as amended 2017))^{<3>}</i>							
	2023	12 563 429	121 830	825 418	19 791	166 282	13 696 750
Reimbursement from P&I Club	2023			(315 475)			(315 475)
Total to date		12 563 429	121 830	509 943	19 791	166 282	13 381 275

10.2 Incident related expenditure on a cash basis in 2023:

	Compensation paid on cash basis in 2023 (Note 20) £	Claims-related expenses paid in 2023 (Note 21) £	Joint costs received from P&I Club in 2023 (Note 21) £	Total 2023 £
General Fund	13 041 912	1 054 033	-	14 095 945
<i>Prestige</i> Major Claims Fund	-	86 264	-	86 264
<i>Hebei Spirit</i> Major Claims Fund	-	13 062	(1 116)	11 946
<i>Alfa I</i> Major Claims Fund	-	204 474	-	204 474
<i>Agia Zoni II</i> Major Claims Fund	1 399 769	143 628	-	1 543 397
<i>Nesa R3</i> Major Claims Fund	-	31 206	-	31 206
<i>Princess Empress</i> Major Claims Fund	405 250	627 360	(315 475)	717 135
TOTAL	14 846 931	2 160 027	(316 591)	16 690 367

<2> Joint costs reimbursement by P&I Club.

<3> Compensation payments reimbursed by the P&I Club under STOPIA 2006 or STOPIA 2006 (as amended 2017).

<4> 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.

<5> Reported in 2018 as 'Incident in Canada', prior to becoming 1992 Fund incident *Nathan E. Stewart*.

<6> Date of authorisation of payments by Executive Committee.

RECOMMENDATIONS MADE BY THE EXTERNAL AUDITOR IN THE REPORT ON THE FINANCIAL STATEMENTS
SUMMARY OF RECOMMENDATIONS AND DIRECTOR'S RESPONSE

11 Audit of the Financial Statements 2023 — 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 2023.

STATEMENT ON INTERNAL CONTROL

12 Scope of Director's responsibility

- 12.1 The 1992 Fund and the 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.
- 12.2 Under Article 28.2 of the 1992 Fund Convention, the Director shall be the legal representative of the 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.
- 12.3 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.
- 12.4 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 1992 Fund Assembly or Executive Committee.
- 12.5 The Director is, however, bound by any restriction of his authority decided by the 1992 Fund 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.
- 12.6 In 2023, the Director was assisted by a Management Team comprising of the Deputy Director/Head of the Claims Department and the Head of the Administration Department. For the period January to May 2023, the Head of the External Relations and Conference Department was a member of the Management Team.

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; 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 its 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; 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

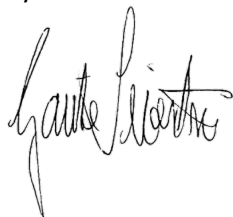
- 14.1 In 2023, the Director continued a policy of reviewing the IOPC Funds' risk register to identify risks across the organisation. These risks have been placed in two categories: operational risk and institutional risk. Operational risk has been sub-divided into five areas: finance and contributions; governance and management; compensation; safety and security; and communications and publications.
- 14.2 In 2023, the Management Team undertook a more detailed risk mapping exercise to analyse the key controls and mitigants for the key risks. This mapping, along with the full risk register, was presented to the Audit Body in December 2023.
- 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 full risk 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 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 1992 Fund 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 1992 Fund Assembly is updated annually on the status of these recommendations.
- 16.2 As part of the process of further enhancing the system of internal 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 agreed reviews were to be implemented over a three-year period, in order to provide added assurances to the Director on the effectiveness of the internal controls. The period of this review was extended due to disruption caused by the global pandemic and significant changes to key personnel in the Secretariat.
- 16.3 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, and an internal audit review of the claims-handling process was undertaken by Mazars LLP in 2022. The Audit Body also undertook an in-depth review of the claims process in December 2022 which did not highlight any significant deficiencies. In December 2023, the Audit Body recommended financial controls as the next area for internal audit, to be addressed in 2024.
- 16.4 The work of the Audit Body and 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 2023.



Gaute Sivertsen
Director
15 July 2024

* * *

SECTION TWO

EXTERNAL AUDITOR'S REPORT AND OPINION

OPINION ON THE FINANCIAL STATEMENTS

Independent auditor's report to the Assembly of the International Oil Pollution Compensation Fund (1992)

Opinion on the Financial Statements

In our opinion:

- the special purpose financial statements present fairly, in all material respects, the financial position of the International Oil Pollution Compensation Fund (1992) ('the Fund') as at 31 December 2023 and of its financial performance and its cash flows for the year then ended, and
- the special purpose financial statements have been properly prepared in accordance with the Fund's Financial Regulations and International Public Sector Accounting Standards.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing, including ISA 800 (Revised). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the special purpose financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the special purpose financial statements, including the IESBA International Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the special purpose financial statements, we have concluded that the Director's use of the going concern basis of accounting in the preparation of the special purpose 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 special purpose financial statements are authorised for issue.

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

Emphasis of Matter – basis of accounting and restriction on distribution and use

We draw attention to Note 1 to the special purpose financial statements, which describes the basis of accounting, which is a special purpose framework. The special purpose financial statements are prepared to assist the Fund in complying with their financial reporting obligations. As a result, the special purpose financial statements may not be suitable for another purpose. Our report is intended solely for the Assembly of the Fund and should not be distributed to or used by parties other than the Assembly of the Fund. Our opinion is not modified in respect of this matter.

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 special purpose financial statements and our auditor's report thereon. Our opinion on the special purpose 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.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the special purpose financial statements, or our knowledge obtained in the course of 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 special purpose financial statements themselves. 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 transactions of the Fund are in accordance with the purposes intended by the Fund's Assembly and the financial transactions conform to the Fund's Financial Regulations.

Responsibilities of the Director

The Director is responsible for the preparation of these special purpose financial statements in accordance with the Financial Regulations and IPSAs and for such internal control as the Director determines is necessary to enable the preparation of special purpose financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the special purpose 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.

Auditor's responsibilities for the audit of the special purpose financial statements

Our objectives are to obtain reasonable assurance about whether the special purpose 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these special purpose financial statements.

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.

Non-compliance with laws and regulations

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 non-compliance, and
- the internal controls established to mitigate risks of non-compliance with laws and regulations.

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 special purpose financial statements and whether there had been any breaches of the Funds' Financial Regulations.

Fraud

We considered any matters we identified having obtained and reviewed the Fund's documentation of their policies and procedures relating to:

- 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.

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.

Our procedures in respect of the above 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.

Our audit procedures were designed to respond to risks of material misstatement in the special purpose 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. 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 special purpose financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Steve Bladen

Steve Bladen,

For and on behalf of **BDO LLP**, Statutory Auditor
London, UK

19 July 2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

International Oil Pollution Compensation Funds

Audit Completion Report: year ended 31 December 2023

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 governing bodies of 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 our planned audit procedures for the year ended 31 December 2023.

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

We would also like to take this opportunity to thank the Secretariat for the co-operation and assistance provided during the audit.

Steve Bladen

Director

26 June 2024



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Director

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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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- **Executive summary**
 - Audit Scope and Materiality
- Overview of risks
- Additional consideration
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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 2023.

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

Our audit work is complete. We issued an unmodified audit opinion on the financial statements of both the 1992 Fund and Supplementary Fund for the year ended 31 December 2023.

Since we presented our Audit Planning Report to the Audit Body we reclassified one risk, *Contributions revenue*, from 'Significant' to 'Elevated'. There were no other significant changes to our planned audit approach and no additional significant audit risks were identified.

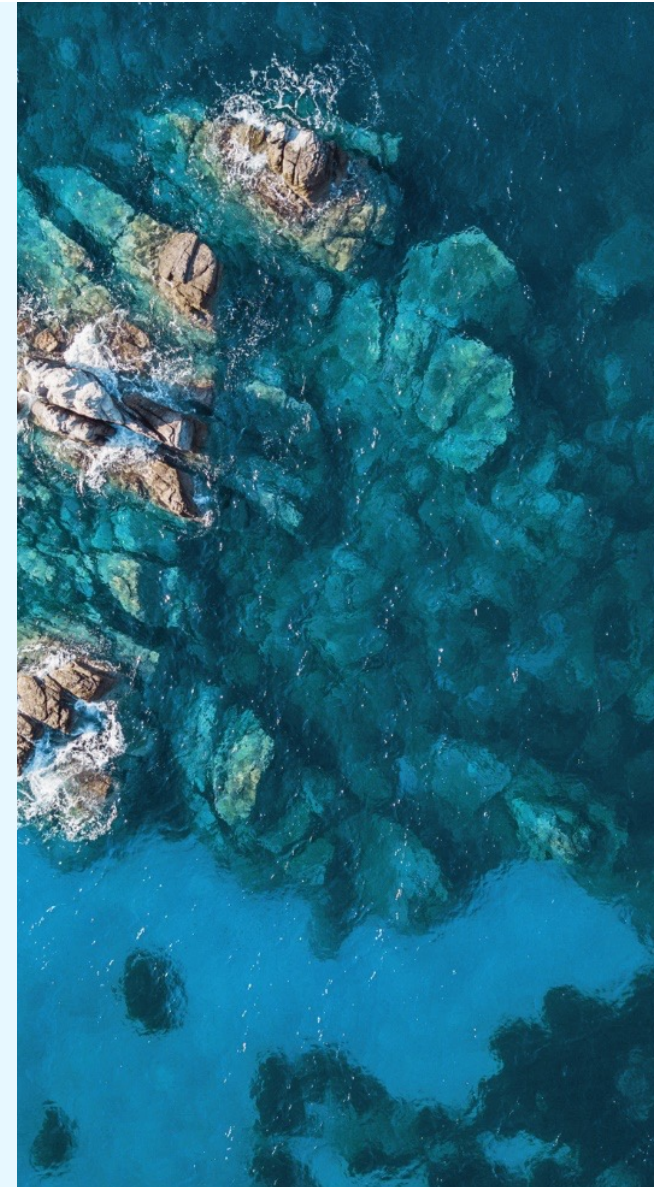
No restrictions were placed on our work.

Audit report

We issued an unmodified audit opinion on the financial statements.

Independence

We confirm that the firm and its partners and staff involved in the audit remain independent of the Company in accordance with the FRC's Ethical Standard.



Audit Scope and Materiality

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Final Materiality

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

We decreased the 1992 Fund materiality from £2.36m at planning to £2.03m as a result of a decrease in final net assets compared to the prior year.

We have decreased the Supplementary Fund materiality from £55,400 to £55,100 as a result of a decrease in final net assets compared to the prior year.

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.

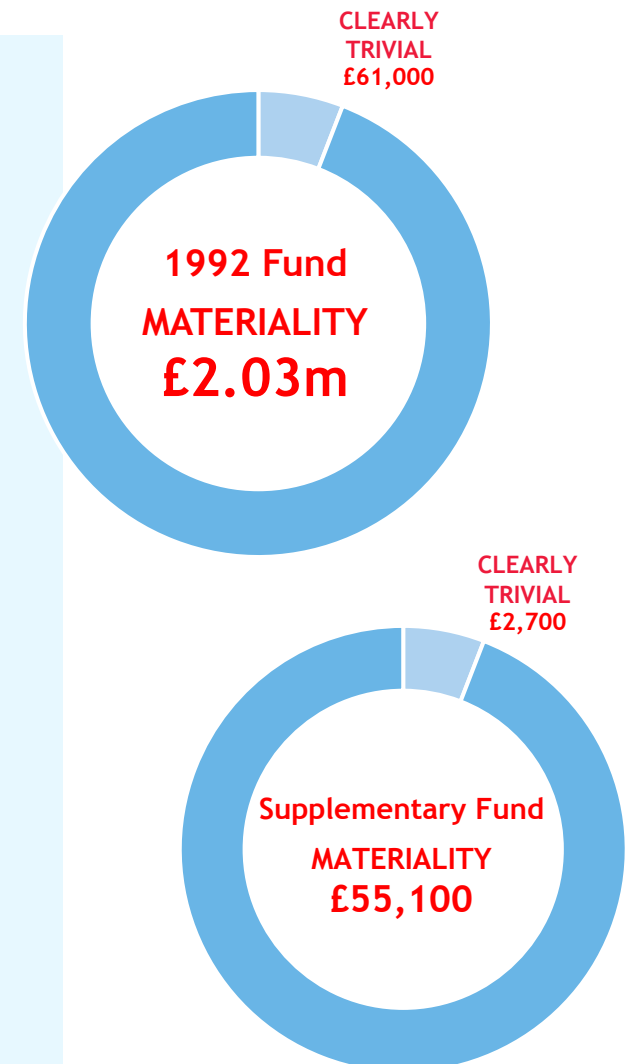
Adjusted audit differences

There are three audit differences in respect of the 1992 Fund which have been adjusted for by the Secretariat. This has increased the original draft deficit for the year of £8,330,941 by £10,755,165 and has decreased draft net assets of £50,787,662 by the same amount.

There is one audit difference in respect of the Supplementary Fund which has been adjusted for by the Secretariat. This has decreased the original draft surplus for the year of £20,423 by £21 and decreased draft net assets of £1,379,364 by the same amount.

Unadjusted audit differences

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



Overview of risks

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As identified in our Audit Planning Report, 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. One risk, *Contributions revenue*, was downgraded from 'Significant' to 'Elevated' since we issued our Audit Planning Report.

#	Significant audit risk	Applicable Fund (1992 or Supplementary)	Significant management judgement	Fraud risk	Use of experts required	Adjusted error reported	Significant control findings reported	Specific letter of representation point
1	Management override of controls	1992 Fund Supplementary Fund	Yes	Yes	No	No	No	No
2	Compensation payments, provisions, and contingent liabilities	1992 Fund	Yes	Yes	Yes	Yes	No	Yes
3	Reporting of expenditure Actuals against Budget	1992 Fund Supplementary Fund	No	Yes	No	No	No	No
#	Other elevated audit risks	Applicable Fund (1992 or Supplementary)	Significant management judgement	Fraud risk	Use of experts required	Adjusted error reported	Significant control findings reported	Specific letter of representation point
4	Contributions revenue	1992 Fund Supplementary Fund	No	No	No	No	No	No
5	Disclosures in other information	1992 Fund Supplementary Fund	No	No	No	No	No	No
6	Cash deposit limits	1992 Fund Supplementary Fund	No	No	No	No	No	Yes
7	Provision for contributions receivable	1992 Fund	Yes	No	No	No	No	No

Risk 1

Management override of controls

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	C	E	A	V	P	2023	2022
Management Override	✓	✓	✓	✓	✓	N/A	N/A

Risk description

Management has the ability to manipulate accounting records and override controls that may otherwise appear to be operating effectively. We are required to consider this as a significant risk of material misstatement due to fraud.

Audit approach

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.
- Tested the appropriateness of a random sample of residual journals that did not display key risk characteristics.
- Reviewed estimates and judgements applied by the Secretariat in the financial statements to assess their appropriateness and the existence of any systematic bias.
- Considered if there were any unadjusted audit differences and whether these indicate bias or deliberate misstatement.

Results

- Our audit work 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 financial statements.
- There are no unadjusted audit differences to report in respect of the 1992 Fund or Supplementary Fund.

Discussion and 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
● Data analytics testing approach
● Substantive testing approach



Risk 2

Compensation payments, provisions and contingent liabilities

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	C	E	A	V	P	2023	2022
Compensation claims		✓	✓		✓	£24,655,720	£4,883,625
Provision for compensation		✓	✓		✓	£12,890,078	£3,255,214
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 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.

Audit approach

We carried out the following planned audit procedures:

- Evaluated the independence, objectivity, and competency of all claims experts.
- Tested a sample of claims recognised in the year to the assessment and approval documentation and traced 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 an additional £10,691,914 of claims approved since the draft statements. These have been agreed to expert assessments and payment approvals.
- The contingent liability disclosures are considered to be accurate and complete.

Discussion and conclusion

Additional claims were assessed and approved since the draft financial statements. An audit adjustment has been made to the 1992 Fund financial statements.

We have sought specific representations over the judgements and assumptions the Secretariat has 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

Data analytics testing approach

● Substantive testing approach



Risk 3

Reporting of expenditure actuals against budget

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	C	E	A	V	P	2023	2022
Statement V		✓	✓		✓	£4,697,205	£4,558,225

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 that expenditure is classified inappropriately or reclassified to ensure actuals do not exceed the total budget approved.

Audit approach

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 to determine whether it was appropriate to be adjusted for. We confirmed the amount adjusted to our testing elsewhere in the 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 in respect of both the 1992 Fund and Supplementary Fund.

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



Risk 4

Contributions revenue

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	C	E	A	V	P	2023	2022
Contributions		✓	✓			£2,273,450	£15,936,974
Contributions Receivable		✓	✓			£1,506,558	£1,314,856

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 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 being input to the calculation correctly and there is a large volume of contributions to calculate.

Audit approach

- We carried out the following planned audit procedures:
- For a sample of contributions, agreed to supporting evidence and recalculated the amounts to agree the accuracy.

Results

- All sampled contributions were agreed to supporting evidence and we 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
Data analytics testing approach
● Substantive testing approach



Risk 5

Disclosures in other information

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	C	E	A	V	P	2023	2022
Other Information					✓	Narrative	Narrative

Risk description

- There is a risk that the narrative and financial information disclosures in the other information of both the 1992 Fund and Supplementary Fund is incorrect or inconsistent with the financial statements.

Audit approach

We carried out the following planned audit procedures for both the 1992 Fund and Supplementary Fund:

- Reviewed the other information for consistency with the financial statements.
- Agreed the disclosures to supporting evidence or the financial statements.

Results

Our review of the other information for both funds 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
Data analytics testing approach
● Substantive testing approach



Risk 6

Cash deposit limits

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	C	E	A	V	P	2023	2022
Cash					✓	£59,217,093	£65,365,182

Risk description

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

Audit approach

We carried out the following planned audit procedures:

- Reviewed all deposit counter parties against the permitted list of institutions.
- Confirmed all year end balances 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 counterparties 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 in respect of both the 1992 Fund and Supplementary Fund.

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



Risk 7

Provision for contributions receivable

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	C	E	A	V	P	2023	2022
Provision for contributions and interest				✓		£214,593	£241,379

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.

Audit approach

We carried out the following planned audit procedures:

- Tested a sample of contributions receivable provided for to supporting evidence to agree the amount and confirm that the basis for the 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 Funds’ criteria for provision. The provision amount was deemed accurate.

We did not identify any contributions receivable which met the criteria and had not been provided for.

Discussion and conclusion

We 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
Data analytics 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 as to whether you are aware of any known, suspected or alleged frauds since we last enquired when presenting the Audit Planning Report on 8 December 2023.

Laws and regulations

The most significant consideration(s) for the IOPC Funds are the Conventions upon which the IOPC Funds were founded. 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 Funds' Assemblies and in accordance with the Funds' Financial Regulations.

No issues have been identified in respect of regularity, and we have not identified any 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 management override or concealment or fraud.

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

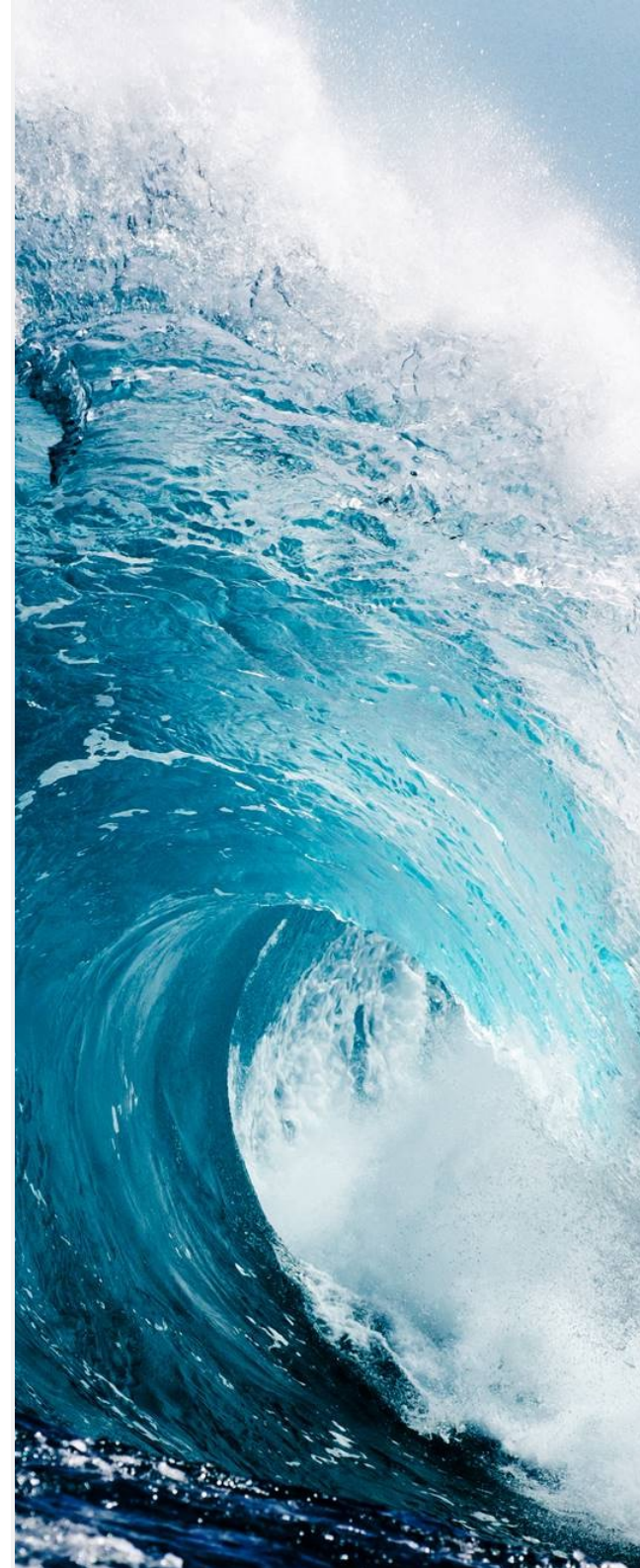
Control environment findings

We did not identify any significant deficiencies in the control environment as part of the audit.

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

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Our system of quality management

ISQM (UK) 1 - Communication with you

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Over the last two years we have invested, and continue to invest, significantly in our people, training and systems to improve the consistency of the quality of our audits. BDO has a significant number of processes and procedures across the firm which manage audit quality. We set out a summary of the processes and procedures that support audit quality in our 2023 Transparency Report, which was published in October 2023 and is available on our website. Following a rigorous internal assessment we have concluded that, as designed, we have been unable to perform sufficient internal testing at this stage, in accordance with the requirements of ISQM (UK) 1, to conclude whether our system of quality management provides reasonable assurance that the objectives of our system of quality management are being achieved or not.

We are currently in the process of enhancing our risk assessment to ensure completeness of risk identification, and enhancing our corresponding processes and procedures to ensure they are designed, implemented and operating effectively to mitigate the risks. In addition, we are embedding controls in our processes and procedures to enable sufficient internal testing to be undertaken in accordance with the requirements of ISQM (UK) 1 which will allow us to conclude whether our system of quality management is operating effectively. While we continue to make progress in establishing a framework which meets the requirements of ISQM (UK) 1, we continue to rely on the significant processes and procedures that are set out in our 2023 Transparency Report. We expect to publish our conclusion on whether our system of quality management provides reasonable assurance that the objectives of our system of quality management are being achieved in our 2024 Transparency Report.

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.



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 company 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 2023

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 2023.



Gaute Sivertsen
Director



Claire Montgomery
Chief of Finance

15 July 2024

INTERNATIONAL OIL POLLUTION COMPENSATION FUND 1992
STATEMENT I
Statement of Financial Position
At 31 December 2023

	Note	31/12/2023 £	31/12/2022 £
ASSETS			
Current assets			
Cash and cash equivalents	2	59 217 093	65 365 182
Contributions receivable	3, 5	1 506 558	1 314 856
Other receivables	4, 5	1 481 792	881 086
Staff Provident Fund (externally managed)	14	574 407	950 668
Total current assets		62 779 850	68 511 792
Non-current assets			
Due from HNS Fund	6	631 095	507 240
Property, plant and equipment	7	58 468	55 401
Total non-current assets		689 563	562 641
TOTAL ASSETS		63 469 413	69 074 433
LIABILITIES			
Current liabilities			
Payables and accruals	9	653 585	439 225
Provision for compensation	10	12 890 078	3 255 214
Provision for employee benefits (short-term)	11	314 945	321 137
Prepaid contributions	12	1 291 631	80 897
Contributors' account	13	969 423	129 263
Total current liabilities		16 119 662	4 225 736
Non-current liabilities			
Staff Provident Fund	14	6 969 633	5 404 231
Provision for employee benefits (long-term)	11	347 621	325 863
Total non-current liabilities		7 317 254	5 730 094
TOTAL LIABILITIES		23 436 916	9 955 830
NET ASSETS		40 032 497	59 118 603
BALANCES			
		31/12/2023	31/12/2022
General Fund		15 517 244	19 403 395
<i>Prestige</i> Major Claims Fund		372 739	422 560
<i>Hebei Spirit</i> Major Claims Fund		1 122 315	7 629 195
<i>Alfa I</i> Major Claims Fund		68 615	235 990
<i>Agia Zoni II</i> Major Claims Fund		27 126 593	27 112 878
<i>Nesa R3</i> Major Claims Fund		320 445	334 586
Incident in Israel Major Claims Fund		6 448 713	3 979 999
<i>Bow Jubail</i> Major Claims Fund		42	-
<i>Princess Empress</i> Major Claims Fund		(10 944 209)	-
GENERAL FUND AND MAJOR CLAIMS FUNDS BALANCES	15	40 032 497	59 118 603

Notes are found on pages 52–88.

INTERNATIONAL OIL POLLUTION COMPENSATION FUND 1992
STATEMENT II
Statement of Financial Performance
For the year ended 31 December 2023

		2023	2022
	Note	£	£
REVENUE			
Contributions	17	2 273 450	15 936 974
Contributions-in-kind	18	206 400	206 400
Interest on investments		2 085 844	574 996
Other revenue	19	8 870 998	4 125 455
Total revenue		13 436 692	20 843 825
EXPENSES			
Compensation claims	20	24 655 720	4 883 625
Claims-related expenses	21	1 843 436	703 102
Personnel costs	22	3 383 303	3 186 723
Other administrative costs	22	1 592 868	1 541 268
Currency exchange differences	24	1 074 257	(1 895 593)
Net increase in provision for contributions and interest on overdue contributions	5	(26 786)	(1 546)
Total expenses		32 522 798	8 417 579
(DEFICIT)/SURPLUS FOR THE YEAR		(19 086 106)	12 426 246

Notes are found on pages 52–88.

INTERNATIONAL OIL POLLUTION COMPENSATION FUND 1992

STATEMENT III

Statement of Changes in Net Assets
For the year ended 31 December 2023

Accumulated surpluses/Fund balances											
		General Fund	Prestige MCF	Hebei Spirit MCF	Alfa I MCF	Agia Zoni II MCF	Nesa R3 MCF	Incident in Israel MCF	Bow Jubail MCF	Princess Empress MCF	Total
	Note	£	£	£	£	£	£	£	£	£	£
TOTAL NET ASSETS at 31 December 2021	25	11 755 747	481 734	7 655 119	264 506	26 172 616	362 635	-	-	-	46 692 357
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
TOTAL NET ASSETS at 31 December 2022	25	19 403 395	422 560	7 629 195	235 990	27 112 878	334 586	3 979 999	-	-	59 118 603
Surplus/(deficit) for the year ended 31 December 2023	25	(3 886 151)	(49 821)	(6 506 880)	(167 375)	13 715	(14 141)	2 468 714	42	(10 944 209)	(19 086 106)
TOTAL NET ASSETS at 31 December 2023	25	15 517 244	372 739	1 122 315	68 615	27 126 593	320 445	6 448 713	42	(10 944 209)	40 032 497

Notes are found on pages 52–88.

INTERNATIONAL OIL POLLUTION COMPENSATION FUND 1992
STATEMENT IV
Statement of Cash Flow
For the year ended 31 December 2023

		2023	2022
	Note	£	£
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus/(deficit) for the period		(19 086 106)	12 426 246
Adjustment for:			
Interest on investment <1>		(2 085 844)	(574 996)
Unrealised foreign exchange (gains)/losses		1 193 669	(1 823 787)
Depreciation and amortisation	7, 8	29 506	21 469
(Increase)/decrease in receivables	3, 4, 5, 6, 14	(540 029)	(177 758)
Increase/(decrease) in payables and accruals	9, 13	1 015 915	152 869
Increase/(decrease) in provisions	10, 11	9 675 228	743 433
Increase/(decrease) in Provident Fund (less interest)	14	1 281 719	(392 596)
Increase/(decrease) in prepaid contributions	12	1 210 734	(468 730)
Net cash flow from operating activities		(7 305 208)	9 906 150
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest earned <2>		2 408 138	669 445
Increase in property, plant and equipment	7	(32 573)	(31 572)
Net cash flow from investing activities		2 375 565	637 873
Net (decrease)/increase in cash and cash equivalents		(4 929 643)	10 544 023
Cash and cash equivalents at beginning of the year		65 365 182	52 864 731
Exchange (losses)/gains on cash and cash equivalents		(1 218 446)	1 956 428
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	2	59 217 093	65 365 182

Notes are found on pages 52–88.

<1> Interest earned from investing the assets of the General Fund.

<2> 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 2023

CLASS OF EXPENDITURE		BUDGET APPROPRIATIONS		BUDGET OUT-TURN		BALANCE OF APPROPRIATIONS	
		2023	2022	2023	2022	2023	2022
	Note	£	£	£	£	£	£
I	PERSONNEL						
a	Salaries	2 333 382	2 241 908	2 376 990	2 160 427	(43 608)	81 481
b	Separation and recruitment	135 000	120 000	1 238	197 019	133 762	(77 019)
c	Staff benefits, allowances and training	1 014 746	913 968	925 186	850 797	89 560	63 171
d	Conscious rewarding scheme	400	20 000	400	950	-	19 050
		3 483 528	3 295 876	3 303 814	3 209 193	179 714	86 683
II	GENERAL SERVICES						
a	Office accommodation	184 177	192 902	215 506	180 002	(31 329)	12 900
b	IT (hardware, software, maintenance and connectivity)	457 000	448 000	417 473	431 019	39 527	16 981
c	Furniture and other office equipment	36 000	21 000	43 138	30 619	(7 138)	(9 619)
d	Office stationery and supplies	7 000	9 000	4 892	3 216	2 108	5 784
e	Communications (courier, telephone, postage)	21 000	28 000	17 983	9 387	3 017	18 613
f	Other supplies and services	22 000	22 000	17 399	18 531	4 601	3 469
g	Representation (hospitality)	20 000	20 000	23 898	26 451	(3 898)	(6 451)
h	Public information	96 000	98 000	80 475	85 587	15 525	12 413
		843 177	838 902	820 764	784 812	22 413	54 090
III	MEETINGS	122 000	130 000	108 826	73 897	13 174	56 103
IV	TRAVEL						
	Conferences, seminars and missions	150 000	100 000	110 476	104 977	39 524	(4 977)
V	OTHER EXPENDITURE						
a	Consultants' fees	100 000	150 000	18 500	32 945	81 500	117 055
b	Audit Body	245 000	200 000	177 769	200 326	67 231	(326)
c	Investment Advisory Body	90 000	81 000	89 541	86 167	459	(5 167)
		435 000	431 000	285 810	319 438	149 190	111 562
VI	UNFORESEEN EXPENDITURE	60 000	60 000	-	-	60 000	60 000
	TOTAL I-VI (excluding External Audit fees)	5 093 705	4 855 778	4 629 690	4 492 317	464 015	363 461
VII	EXTERNAL AUDIT FEES (1992 Fund only)	54 940	53 600	67 515	65 908	(12 575)	(12 308)
	TOTAL EXPENDITURE I-VII	5 148 645	4 909 378	4 697 205	4 558 225	451 440	351 153

Notes are found on pages 52–88.

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 1992 Fund and in compliance with IPSAS.
- 1.2 The preparation of the 2023 Financial Statements was not affected by any new IPSAS issued in 2023 or modifications to existing IPSAS. 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 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 governing bodies as 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 from the Supplementary Fund, 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 or STOPIA 2006 (as amended 2017), reimbursement due from the shipowner's insurer (Protection and Indemnity Club (P&I Club)) of compensation paid by the 1992 Fund is presented as revenue, and the corresponding expense is presented as compensation claims expenditure.

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, and this is 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; and
 - 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 1992 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 1992 Fund Assembly.

1.16 Contributors' Account

Net overpayments by contributors and reimbursement of contributions in accordance with the 1992 Fund Assembly's decision are held in the Contributors' Account. In accordance with Internal Regulation 3.9, any contributor's credit balance will bear interest. The interest is added to the credit balance at each year end, and when levies or reimbursements are due, 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 1992 Fund Assembly approves the budget, which includes budgeted amounts for 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 additional 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:

	31/12/2023 £	31/12/2022 £
Cash on hand	10 384 000	11 639 669
Notice accounts (notice period less than 3 months)	132	127
Term deposits (maturing within 3 months)	18 018 063	30 548 614
Term deposits (maturing after 3 months)	30 814 898	23 176 772
TOTAL	59 217 093	65 365 182

- 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 £26 058 522 on 31 December 2023, of which £18 693 873 was held for the 1992 Fund. In addition, the Provident Fund held £6 395 226, and the Contributors' Account held £969 423.
- 2.4 Other currencies are held, totalling £33 158 571 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 as at 31/12/2023	Translated as at 31/12/2023 £
Euros	General Fund	EUR 1 667 918	1 445 336
	<i>Prestige</i> MCF	EUR 837 922	726 102
	<i>Agia Zoni II</i> MCF	EUR 21 035 620	18 228 440
US dollars	General Fund	USD 9 497 568	7 450 242
Israeli shekels	General Fund	ILS 9 278 677	2 021 322
	Incident in Israel MCF	ILS 15 088 972	3 287 071
Russian roubles	General Fund	RUB 6 609	58
TOTAL			33 158 571

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

Currency	Amount as at 31/12/2023	Amount as at 31/12/2022
Pound sterling	GBP 26 058 522	GBP 30 450 687
Euros	EUR 23 541 460	EUR 25 341 850
US dollars	USD 9 497 568	USD 10 251 671
Israeli shekels	ILS 24 367 649	ILS 16 586 827
Russian roubles	RUB 6 609	RUB 6 609

- 2.6 Currencies other than pounds sterling are translated according to the policy described in paragraph 1.9. 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 2023 £	Total contributions receivable 2022 £
Angola	3 754	-	-	-	-	-	3 754	-
Antigua and Barbuda	738	-	-	-	-	360	1 098	-
Argentina	30 192	-	945	11 047	3 844	10 578	56 606	56 537
Belgium	-	-	-	-	-	-	-	25 105
China (HK SAR)	-	-	-	-	-	-	-	22 345
Côte d'Ivoire	24	-	-	-	-	-	24	-
Croatia	1 816	-	-	-	-	1 014	2 830	2 349
Curaçao	5 290	-	-	43 623	-	-	48 913	102 113
Denmark	1 694	-	3 062	-	1 484	-	6 240	6 240
Djibouti	2 010	-	-	4 439	-	-	6 449	6 449
France	9 242	-	-	-	-	-	9 242	13 256
Ghana	19 787	47 295	6 686	26 269	1 155	3 858	105 050	108 214
Greece	-	-	-	-	-	-	-	4 944
Guinea	647	-	-	-	-	-	647	647
Guyana	2 264	-	-	-	-	899	3 163	2 083
Iran	225 600	-	-	4 257	-	51 023	280 880	199 079
Jamaica	-	-	-	-	-	-	-	87
Madagascar	2 188	-	-	-	-	792	2 980	1 835
Malaysia	-	-	-	7 351	8 993	-	16 344	16 344
Mauritania	-	-	-	-	-	-	-	64
Morocco	12 903	-	-	-	8 404	-	21 307	52 189
Netherlands	61 863	-	-	-	-	25 558	87 421	-
Panama	-	-	-	364	-	-	364	55 991
Qatar	-	-	-	-	-	-	-	566
Russian Federation	14 676	-	39 976	-	3 543	-	58 195	58 195
Spain	9 835	-	-	-	-	4 509	14 344	10 446
Türkiye	6 137	-	-	-	-	2 687	8 824	6 226
United Arab Emirates	25 559	-	-	-	-	11 804	37 363	29 613
United Kingdom	32 543	-	38 323	-	6 154	-	77 020	77 019
United Republic of Tanzania	508	-	-	-	-	-	508	1 791
Venezuela	461 393	-	39 699	235 164	29 435	63 305	828 996	658 359
Sub-total	930 663	47 295	128 691	332 514	63 012	176 387	1 678 562	1 518 086
Provision	(71 058)	-	(81 361)	-	(19 585)	-	(172 004)	(203 230)
TOTAL	859 605	47 295	47 330	332 514	43 427	176 387	1 506 558	1 314 856

- 3.2 Contributions receivable is net of the provision for contributions due from some contributors, as set out in Note 5.
- 3.3 One contributor in Venezuela has outstanding contributions of £828 996, amounting to 55% of contributions receivable (net of provision). One contributor in the Islamic Republic of Iran owes £280 880, and one contributor in Ghana owes £105 050.

Note 4 — Other receivables

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

	31/12/2023 £	31/12/2022 £
Tax recoverable	339 824	361 357
Accrued interest on investments	456 502	187 215
Accrued interest on overdue contributions	227 455	169 460
Prepayments	76 597	103 326
Advances to staff	8 882	8 298
Accrued income	316 590	3 633
Due from the Supplementary Fund	44 722	42 237
Miscellaneous receivables	11 220	5 560
TOTAL	1 481 792	881 086

- 4.2 Taxes recoverable are value-added tax (VAT) and airport tax recoverable from the UK Government under Article 34 of the 1992 Fund Convention.
- 4.3 Accrued interest on investments of £456 502 was due at year end on cash deposits maturing in 2024, held in pounds sterling, US dollars, euros and Israeli shekels.
- 4.4 As at 31 December 2023, accrued interest on overdue contributions was £270 044 and a provision of £42 589 has been made for interest on contributions due from some contributors, as set out in Note 5. The net of these amounts (£227 455) 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 2023 relates to the *Hebei Spirit* and *Princess Empress* incidents.
- 4.8 As at 31 December 2023, an amount of £44 722 was due from the Supplementary Fund which included the management fee of £40 000. This was settled in January 2024.
- 4.9 Miscellaneous receivables include £6 533 in travel costs to be reimbursed by conference organisers.

Note 5 — Provision for contributions and interest on overdue contributions

- 5.1 Contributions receivable is net of the provision for contributions. The total provision of £214 593 is made up of £172 004 in contributions and £42 589 in interest on overdue contributions. A total amount of £74 718 due from two contributors in the Russian Federation has been provided for, as well as a total of £139 875 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 as at 01/01/2023	203 230	38 149	241 379
(Decrease)/increase in provision for contributions and interest on overdue contributions	(31 226)	4 440	(26 786)
Closing balance as at 31/12/2023	172 004	42 589	214 593

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

Contributor	Contributors from the Russian Federation £	Petroplus £	OW Bunker (Denmark) £	SAMIR (Morocco) £	TOTAL £
Contributions					
Opening balance as at 01/01/2023	58 195	86 607	6 240	52 188	203 230
Contributions received in 2023	-	(345)	-	(30 881)	(31 226)
Contributions provided for in 2023	-	-	-	-	-
Total provision for contributions as at 31/12/2023	58 195	86 262	6 240	21 307	172 004
Interest on contributions					
Opening balance as at 01/01/2023	13 366	-	-	24 783	38 149
Interest provided for in 2023	3 157	-	-	1 283	4 440
Total provision for interest on contributions as at 31/12/2023	16 523	-	-	26 066	42 589
Total provision for contributions and interest as at 31/12/2023	74 718	86 262	6 240	47 373	214 593

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 1992 Fund 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 At its October 2014 session, the 1992 Fund Assembly 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. The amount owed by this contributor was reduced in 2023 as a result of the *Hebei Spirit* Major Claims Fund reimbursement.

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 of the HNS Convention have been treated as loans from the 1992 Fund.
- 6.2 The HNS Fund will be established when the 2010 HNS Convention comes into force. The 2010 HNS Convention will come into force 18 months after ratification by 12 States, fulfilling the conditions as laid down in the HNS Protocol. The 2010 HNS Protocol was signed by eight States (Canada, Denmark, France, Germany, Greece, the Netherlands, Norway and Türkiye) subject to ratification. As at 31 December 2023, eight States (Canada, Denmark, Estonia, France, Norway, Slovakia, South Africa and Türkiye) have deposited their instruments of ratification or accession to the 2010 HNS Protocol.
- 6.3 An amount of £631 095 (2022: £507 240), including interest to date of £78 335, is due from the HNS Fund when it is established. The Director considers that progress towards the entry into force of the 2010 HNS 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 £
Cost				
Opening balance, 01/01/2023	237 553	50 763	26 880	315 196
Additions	5 737	26 836	-	32 573
Disposals	-	-	-	-
Closing balance, 31/12/2023	243 290	77 599	26 880	347 769
Depreciation				
Accumulated depreciation, 01/01/2023	196 800	36 914	26 081	259 795
Depreciation on disposals	-	-	-	-
Depreciation charge for the year	21 654	7 378	474	29 506
Closing balance, 31/12/2023	218 454	44 292	26 555	289 301
Net book value				
Opening balance, 01/01/2023	40 753	13 849	799	55 401
Closing balance, 31/12/2023	24 836	33 307	325	58 468

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 £
Cost	
Opening balance, 01/01/2023	28 557
Additions	-
Disposals	
Closing balance, 31/12/2023	28 557
Depreciation	
Accumulated depreciation, 01/01/2023	28 557
Depreciation on disposals	
Depreciation charge for the year	-
Closing balance, 31/12/2023	28 557
Net book value	
Opening balance, 01/01/2023	-
Closing balance, 31/12/2023	-

Note 9 — Payables and accruals

- 9.1 The following table shows details of payables and accruals as at 31 December 2023:

	31/12/2023 £	31/12/2022 £
Payables for administrative expenses, lawyers and experts	374 524	174 414
Accruals for administrative expenses, lawyers and experts	279 061	264 811
TOTAL	653 585	439 225

Note 10 — Provision for compensation

10.1 Provision is made for compensation claims meeting the criteria as set out in paragraph 1.15.1.

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	Incident in Israel MCF ILS	Princess Empress MCF PHP
Opening balance, 01/01/2023	3 283 566	805 275	1 991 747	-	-
Less: brought forward provision paid in 2023	(3 283 566)	-	(1 597 950)	-	-
Less: brought forward provision reversed in 2023	-	-	-	-	-
New provision made in 2023	3 449 188	-	395 970	2 427 402	721 991 852
Closing balance, 31/12/2023	3 449 188	805 275	789 767	2 427 402	721 991 852

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

	General Fund £	Prestige MCF £	Agia Zoni II MCF £	Incident in Israel MCF £	Princess Empress MCF £	TOTAL £
Opening balance, 01/01/2023	773 605	714 466	1 767 143	-	-	3 255 214
Less: brought forward provision paid in 2023	(773 605)	-	(1 417 753)	-	-	(2 191 358)
Less: brought forward provision reversed in 2023	-	-	-	-	-	-
Currency (gain)/loss on brought forward provision not utilised in the year	-	(16 654)	(8 144)	-	-	(24 798)
New provision made in 2023	751 391	-	343 128	528 800	10 227 701	11 851 020
Closing balance, 31/12/2023	751 391	697 812	684 374	528 800	10 227 701	12 890 078

10.4 In 2023, in respect of the *Agia Zoni II* incident, new provision of EUR 343 128 was added for two new claims and one claim which increased in value. Fourteen claims totalling EUR 393 797 remain unpaid and have been retained in the provision.

10.5 Nine new claims in respect of the Incident in Israel, totalling ILS 3 449 188, have been included in the provision for compensation, to be settled by the General Fund. Furthermore, six new claims in respect of this incident, totalling ILS 2 427 402, have been included in the provision for compensation, to be settled by the Major Claims Fund. These claims will be settled upon the claimants acceptance of compensation offers.

10.6 The *Princess Empress* Major Claims Fund includes provision for the payment of 23 295 fisheries claims totalling PHP 716 764 793. In addition, four tourism claims totalling PHP 5 227 059 were approved for payment and added to the provision. Payment of these claims commenced in April 2024.

10.7 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 of claimants in France and Portugal is maintained.

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 as at 01/01/2023	321 137	325 863	647 000
Less: brought forward provision paid in 2023	(63 922)	-	(63 922)
New provision made in 2023	57 730	21 758	79 488
Closing balance as at 31/12/2023	314 945	347 621	662 566

11.2 The provision for employee benefits was increased in 2023 to reflect an increase in accrued annual leave carried forward from 2023 (short-term) and increased repatriation costs for international staff members (long-term). Payment of repatriation entitlements in 2023 has resulted in a net decrease in the short-term provision.

Note 12 — Prepaid contributions

12.1 The amount of £1 291 631 (2022: £80 897) represents the levy of contributions decided by the 1992 Fund Assembly in November 2023 and due on 1 March 2024 but received in 2023.

Note 13 — Contributors' Account

13.1 The amount of £969 423 (2022: £129 263) 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 £38 611 (2022: £1 783) credited in 2023 to contributors. Of the £7.3 million reimbursed to contributors to the *Hebei Spirit* Major Claims Fund, a total of £818 428 remained in the Contributors' Account on 31 December 2023. Where possible, these contributor credit balances will be offset against contributions due on 1 March 2024.

Note 14 — Staff Provident Fund

14.1 The Provident Fund is made up of two elements. Provident Fund 1 (PF1) is invested with the 1992 Fund assets. Provident Fund 2 (PF2) is managed by an independent financial broker in the name of the 1992 Fund.

14.2 Movements within the staff Provident Funds in 2023 are shown in the table below:

	2023 £	2022 £
Provident Fund 1		
PF1 staff member accounts as at 01/01/2023	4 453 563	4 209 742
Receipts:		
Contributions of staff members	246 130	226 929
Voluntary contributions of staff members	316 701	205 978
Contributions of 1992 Fund	502 259	463 857
Transfer from PF2	457 890	542 044
Interest received	283 683	92 666
Repayment of loans	145 000	-
Total receipts	1 951 663	1 531 474
Payments:		
Transfer to PF2	10 000	80 000
Withdrawal on separation	-	930 853
Housing loans	-	276 800
Total payments	10 000	1 287 653
PF1 staff member accounts as at 31/12/2023	6 395 226	4 453 563
Provident Fund 2		
Transfer to PF1	(447 890)	(462 044)
PF2 valuation as at 31/12/2023	574 407	950 668
Staff Provident Fund (PF1 and PF2) (Statement I)	6 969 633	5 404 231

14.3 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, acting on behalf of the Assembly, 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, acting on behalf of the Assembly, decided to increase the maximum voluntary contribution amount to 23.7% of the staff member's pensionable remuneration.

14.4 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.

14.5 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.

14.6 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.

- 14.7 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 £10 000 of new funds invested with the broker in 2023 and £457 890 withdrawn. As at 31 December 2023, the amount managed by the broker was valued at £574 407.
- 14.8 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.
- 14.9 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 1992 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 Major Claims Funds.

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 2023 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:

	31/12/2023 £	31/12/2022 £
Financial assets held at amortised cost:		
Cash and cash equivalents	59 217 093	65 365 182
Trade and other receivables	3 619 445	2 703 182
Financial liabilities held at amortised cost:		
Trade and other payables	1 623 008	568 488

- 16.4 Credit risk
- 16.4.1 The 1992 Fund's credit risk is spread widely. 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 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, which 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 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 amounts outstanding 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 of £15 million set by the 1992 Fund Assembly in October 2019 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 applied to deposits in the different currencies, and in pounds sterling the effect of a change of 0.25% in the interest rate.

Deposits	Average interest rate earned 2023 %	Effect of increase/decrease by 0.25% £
Pounds sterling	3.74%	67 708
US dollar	5.65%	16 931
Euro	3.30%	50 106
Israeli shekel	0.83%	6 399

16.7 Foreign currency risk

- 16.7.1 The Hedging Guidelines were developed in 2008 in consultation with the IAB. The Director may hedge up to 50% of received contributions for an incident with compensation payable in a currency other than pounds sterling. Foreign currency transactions for hedging purposes should be executed within six months of a levy being approved. Foreign currencies held for the purpose of hedging should only be used for payment of compensation.
- 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 moves.
- 16.7.3 As at 31 December 2023, cash and cash equivalents were held in pounds sterling (44%), euros (34%), US dollars (13%) and Israeli shekels (9%) (see Note 2).
- 16.7.4 As at 31 December 2023, the foreign exchange liability in euros in respect of the *Prestige* incident was hedged at 100% (2022: 100%).
- 16.7.5 As at 31 December 2023, the foreign exchange liability in euros in respect of the *Agia Zoni II* incident was hedged at 55% (2022: 57%).
- 16.7.6 As at 31 December 2023, the foreign exchange liability in Israeli shekels in respect of the Incident in Israel was hedged at 48% (2022: 50%).

Note 17 — Contributions

- 17.1 At its session in October 2022, the 1992 Fund Administrative Council, acting on behalf of the Assembly, decided to levy £5.5 million to the General Fund and £3.0 million to the Incident in Israel Major Claims Fund, both payable by 1 March 2023, and to reimburse £7.3 million to contributors to the *Hebei Spirit* Major Claims Fund by 1 March 2023.
- 17.2 Contributions invoiced for payment in 2023 are summarised below:

	2022 levy payable by 1 March 2023 £	Previous years' levies £	Total £
General Fund	5 400 124	346 973	5 747 097
<i>Hebei Spirit</i> Major Claims Fund	(7 346 319)	826 057	(6 520 262)
<i>Alfa I</i> Major Claims Fund	-	-	-
<i>Agia Zoni II</i> Major Claims Fund	-	-	-
<i>Nesa R3</i> Major Claims Fund	-	-	-
Incident in Israel Major Claims Fund	2 986 196	60 419	3 046 615
TOTAL	1 040 001	1 233 449	2 273 450

- 17.3 Contributions invoiced in 2023 include levies and reimbursements based on contributing oil reports which were received late, amounting to a net levy of £1 233 449. This is in accordance with the accounting policy set out in paragraph 1.6.2 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 2023 amounted to £258 000 (2022: £258 000) with the UK Government's share being £206 400 (2022: £206 400) (see Notes 22 and 27).

Note 19 — Other revenue

- 19.1 The following table shows a breakdown of other revenue earned by the 1992 Fund in 2023:

	2023 £	2022 £
Reimbursement from shipowner's insurer under STOPIA 2006 (as amended 2017)	8 738 633	4 040 538
Management fee payable by the Supplementary Fund	40 000	38 000
Interest on overdue contributions	68 570	36 958
Interest on loans to HNS Fund	22 570	7 502
Sundry income	1 225	2 457
TOTAL	8 870 998	4 125 455

- 19.2 The management fee for the Supplementary Fund was set in the budget at £40 000 (2022: £38 000) for the period 1 January to 31 December 2023 (document [IOPC/OCT22/11/1](#), paragraph 9.1.14).
- 19.3 Reimbursement of £8.7 million was received for compensation paid in respect of the *Princess Empress* incident, in accordance with STOPIA 2006 (as amended 2017).

Note 20 — Compensation claims

- 20.1 Compensation is recognised on a cash basis in Section One, paragraph 10.1, and can be reconciled to compensation paid in the Statement of Financial Performance (Statement II) as follows:

	General Fund £	Agia Zoni II MCF £	Incident in Israel MCF £	Princess Empress MCF £	Total £
Compensation paid on cash basis in 2023 (Section One, paragraph 10.1)	13 041 912	1 399 769	-	405 250	14 846 931
Exchange loss on compensation paid in 2023	75 924	-	-	-	75 924
Less: brought forward provision paid in 2023 (Note 10)	(773 605)	(1 417 753)	-	-	(2 191 358)
Exchange gain on brought forward provision paid in 2023 (Note 24)	55 195	18 008	-	-	73 203
New provision made in 2023 (Note 10)	751 391	343 128	528 800	10 227 701	11 851 020
Compensation recognised on accrual basis (Statement II)	13 150 817	343 152	528 800	10 632 951	24 655 720

- 20.2 The General Fund paid compensation in respect of Incident in Israel (£883 733) and the *Princess Empress* incident (£12 158 179).
- 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

- 21.1 In accordance with the Memorandum of Understanding (MoU) between the International Group of P&I Associations (shipowners' 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 2023 £	Joint costs received/receivable from P&I Club in 2023 £	Claims-related expenses 2023 (Statement II) £	Claims-related expenses 2022 (Statement II) £
General Fund	1 054 033	-	1 054 033	294 547
<i>Prestige</i> MCF	86 264	-	86 264	67 846
<i>Hebei Spirit</i> MCF	13 062	(1 116)	11 946	119 220
<i>Alfa I</i> MCF	204 474	-	204 474	32 192
<i>Agia Zoni II</i> MCF	143 628	-	143 628	156 438
<i>Nesa R3</i> MCF	31 206	-	31 206	32 859
<i>Princess Empress</i> MCF	627 360	(315 475)	311 885	-
TOTAL	2 160 027	(316 591)	1 843 436	703 102

- 21.2 In 2023, the General Fund paid claims-related expenses of £821 436 in respect of the *Princess Empress* incident. In addition, £133 002 was paid in respect of the Incident in Israel and £70 132 in respect of the *Bow Jubail* incident.
- 21.3 An amount of £315 475 was invoiced, in accordance with the MoU, to the Shipowners' P&I Club in respect of the *Princess Empress* incident. An amount of £1 116 (2022: £3 633) was invoiced to Assurancéföreningen Skuld (Gjensidig) (Skuld Club) in respect of the *Hebei Spirit* incident.

Note 22 — Staff, other personnel and administrative costs

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

Chapter		Expenses 2023 (Statement II) £	Expenses 2022 (Statement II) £
I	Personnel	3 383 303	3 186 723
II	General services	1 024 096	977 048
III	Meetings	108 826	73 897
IV	Travel	110 476	104 977
V	Other expenditure	285 810	319 438
VI	Unforeseen expenditure	-	-
VII	External Audit fees	67 515	65 908
TOTAL		4 980 026	4 727 991

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 £29 506 (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 One, paragraphs 5.1-5.10).
- 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 2023 is presented below:

	£
Statement V	4 697 205
Contributions-in-kind (Note 18)	206 400
Purchase of fixed assets (Notes 7 and 8)	(32 573)
Depreciation and amortisation (Notes 7 and 8)	29 506
Adjustment to provision for employee benefits (Note 11)	15 566
Provision for separated employees (included in Statement V, Chapter I)	63 922
Compensation claims (Note 20)	24 655 720
Claims-related expenses (Note 21)	1 843 436
Currency exchange differences (Note 24)	1 074 257
Net increase in provision for contributions and interest on overdue contributions (Note 5)	(26 786)
Inter-fund loan interest (Note 25.8)	(3 855)
Statement II	32 522 798

Note 24 — Currency exchange differences

24.1 As at 31 December 2023, there was a notional exchange loss of £1 074 257 (2022 gain: £1 895 593) made up as follows:

Reason for difference	General Fund £	Prestige MCF £	Hebei Spirit MCF £	Alfa I MCF £	Agia Zoni II MCF £	Nesa R3 MCF £	Incident in Israel MCF £	Princess Empress MCF £	(Gain)/Loss 2023 £	(Gain)/Loss 2022 £
Currency revaluation	503 934	17 329	-	-	453 009	-	244 174	-	1 218 446	(1 956 428)
Revaluation of taxes	-	27	-	-	-	-	-	-	27	(53)
Exchange (gain)/loss on 2022 provision paid in 2023 (Note 20)	(55 195)	-	-	-	(18 008)	-	-	-	(73 203)	4
Increase/(decrease) in cost of provision not utilised in 2022 due to currency revaluation (Note 10)	-	(16 654)	-	-	(8 144)	-	-	-	(24 798)	132 310
Exchange (gain)/loss on other receivables	24 119	-	-	-	-	-	-	-	24 119	(73 349)
Exchange (gain)/loss on compensation paid in 2023	(75 924)	-	-	-	-	-	-	-	(75 924)	-
Exchange (gain)/loss on vendor payables	6 180	91	(10)	33	130	(207)	-	(627)	5 590	1 923
TOTAL	403 114	793	(10)	33	426 987	(207)	244 174	(627)	1 074 257	(1 895 593)

- 24.2 The table below shows the movement of exchange rates from the beginning to the end of the reporting period with 31 December 2022 for comparison:

	31/12/2023	31/12/2022
EUR:GBP	1.154	1.1271
RUB:GBP	113.9667	87.8122
ILS:GBP	4.5904	4.2445
USD:GBP	1.2748	1.2029
PHP:GBP	70.5918	67.0350

- 24.3 Currency revaluation at year end gave rise to the following (gains)/losses in pounds sterling, shown in the table below, with 31 December 2022 for comparison:

Currency revaluation	31/12/2023 £	31/12/2022 £
EUR	506 705	(1 211 812)
USD	401 545	(816 500)
ILS	310 179	71 894
RUB	17	(10)
TOTAL	1 218 446	(1 956 428)

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 In accordance with Financial Regulation 7.1 (c) (iv), the General Fund made a loan in 2023 to the *Princess Empress* Major Claims Fund to make payment of compensation. The balance of the loan carried forward to 2023 was £389 933 and this will be repaid by contributions in respect of the *Princess Empress* Major Claims Fund due for payment by 1 March 2024.
- 25.4 Related interest income for the General Fund and interest expense for the *Princess Empress* Major Claims Fund are included in the table in paragraph 25.7 under Other revenue and Claims-related expenses, respectively. However, these amounts have been netted off at entity level in Statement II. The table in paragraph 25.8 provides a reconciliation between the segmented statements in the tables in paragraphs 25.6 and 25.7 and Statements I and II.
- 25.5 There were six Major Claims Funds at the beginning of 2023 and two 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);
 - Incident in Israel Major Claims Fund was set up in 2021 for the incident in Israel (2021);
 - *Bow Jubail* Major Claims Fund was set up in 2023 for the incident in the Netherlands (2018); and
 - *Princess Empress* Major Claims Fund was set up in 2023 for the incident in the Philippines (2023).

25.6 The table shows the Statement of Financial Position (Statement I) expanded by segment (General Fund and Major Claims Funds) as at 31 December 2023:

	General Fund	Prestige MCF	Hebei Spirit MCF	Alfa I MCF	Agia Zoni II MCF	Nesa R3 MCF	Incident in Israel MCF	Bow Jubail MCF	Princess Empress MCF	1992 Fund 31/12/23	1992 Fund 31/12/22
	£	£	£	£	£	£	£			£	£
ASSETS											
Current assets											
Cash and cash equivalents	21 050 531	1 087 254	1 882 018	12 413	27 413 591	267 734	6 784 283	719 269	-	59 217 093	65 365 182
Contributions receivable	859 605	-	47 295	47 330	332 514	43 427	176 387	-	-	1 506 558	1 314 856
Other receivables	1 004 422	-	19 791	14 944	92 231	12 524	16 843	-	321 037	1 481 792	881 086
Staff Provident Fund (externally managed) (PF2)	574 407	-	-	-	-	-	-	-	-	574 407	950 668
Loan from General Fund to <i>Princess Empress</i> MCF	389 933	-	-	-	-	-	-	-	-	389 933	-
Total current assets	23 878 898	1 087 254	1 949 104	74 687	27 838 336	323 685	6 977 513	719 269	321 037	63 169 783	68 511 792
Non-current assets											
Due from HNS Fund	631 095	-	-	-	-	-	-	-	-	631 095	507 240
Property, plant and equipment	58 468	-	-	-	-	-	-	-	-	58 468	55 401
Total non-current assets	689 563	-	-	-	-	-	-	-	-	689 563	562 641
TOTAL ASSETS	24 568 461	1 087 254	1 949 104	74 687	27 838 336	323 685	6 977 513	719 269	321 037	63 859 346	69 074 433
LIABILITIES											
Current liabilities											
Payables and accruals	230 483	16 703	8 361	6 072	27 369	3 240	-	-	361 357	653 585	439 225
Provision for compensation	751 391	697 812	-	-	684 374	-	528 800	-	10 227 701	12 890 078	3 255 214
Provision for employee benefits (short-term)	314 945	-	-	-	-	-	-	-	-	314 945	321 137
Prepaid contributions	286 149	-	-	-	-	-	-	719 227	286 255	1 291 631	80 897
Contributors' Account	150 995	-	818 428	-	-	-	-	-	-	969 423	129 263
Loan from General Fund to <i>Princess Empress</i> MCF	-	-	-	-	-	-	-	-	389 933	389 933	-
Total current liabilities	1 733 963	714 515	826 789	6 072	711 743	3 240	528 800	719 227	11 265 246	16 509 595	4 225 736
Non-current liabilities											
Staff Provident Fund (PF1 and PF2)	6 969 633	-	-	-	-	-	-	-	-	6 969 633	5 404 231
Provision for employee benefits (long-term)	347 621	-	-	-	-	-	-	-	-	347 621	325 863
Total non-current liabilities	7 317 254	-	-	-	-	-	-	-	-	7 317 254	5 730 094
TOTAL LIABILITIES	9 051 217	714 515	826 789	6 072	711 743	3 240	528 800	719 227	11 265 246	23 826 849	9 955 830
NET ASSETS	15 517 244	372 739	1 122 315	68 615	27 126 593	320 445	6 448 713	42	(10 944 209)	40 032 497	59 118 603
FUNDS' BALANCES											
Balance b/f: 1 January 2023	19 403 395	422 560	7 629 195	235 990	27 112 878	334 586	3 979 999	-	-	59 118 603	46 692 357
(Deficit)/Surplus for the year to date	(3 886 151)	(49 821)	(6 506 880)	(167 375)	13 715	(14 141)	2 468 714	42	(10 944 209)	(19 086 106)	12 426 246
GENERAL FUND AND MCF BALANCES	15 517 244	372 739	1 122 315	68 615	27 126 593	320 445	6 448 713	42	(10 944 209)	40 032 497	59 118 603

25.7 The table shows the Statement of Financial Performance (Statement II) expanded by segment (General Fund and Major Claims Funds) for the period 1 January 2023 to 31 December 2023:

	General Fund	Prestige MCF	Hebei Spirit MCF	Alfa I MCF	Agia Zoni II MCF	Nesa R3 MCF	Incident in Israel MCF	Bow Jubail MCF	Princess Empress MCF	1992 Fund 2023	1992 Fund 2022
	£	£	£	£	£	£	£			£	£
REVENUE											
Contributions	5 747 097	-	(6 520 262)	-	-	-	3 046 615	-	-	2 273 450	15 936 974
Contributions-in-kind	206 400	-	-	-	-	-	-	-	-	206 400	206 400
Interest on investments	908 823	37 236	22 604	7 451	909 548	10 349	189 791	42	-	2 085 844	574 996
Other revenue	8 840 671	-	2 714	5 012	17 934	3 240	5 282	-	-	8 874 853	4 129 515
Total revenue	15 702 991	37 236	(6 494 944)	12 463	927 482	13 589	3 241 688	42	-	13 440 547	20 847 885
EXPENSES											
Compensation claims	13 150 817	-	-	-	343 152	-	528 800	-	10 632 951	24 655 720	4 883 625
Claims-related expenses	1 054 033	86 264	11 946	204 474	143 628	31 206	-	-	311 885	1 843 436	703 102
Personnel costs	3 383 303	-	-	-	-	-	-	-	-	3 383 303	3 186 723
Other administrative costs	1 596 723	-	-	-	-	-	-	-	-	1 596 723	1 545 328
Currency exchange differences	403 114	793	(10)	33	426 987	(207)	244 174	-	(627)	1 074 257	(1 895 593)
(Decrease)/increase in provision for contributions and interest on overdue contributions	1 152	-	-	(24 669)	-	(3 269)	-	-	-	(26 786)	(1 546)
Total expenses	19 589 142	87 057	11 936	179 838	913 767	27 730	772 974	-	10 944 209	32 526 653	8 421 639
(DEFICIT)/SURPLUS FOR THE YEAR	(3 886 151)	(49 821)	(6 506 880)	(167 375)	13 715	(14 141)	2 468 714	42	(10 944 209)	(19 086 106)	12 426 246

25.8 The table below shows a reconciliation between segmented statements and entity level statements:

	Note	Assets	Liabilities	Revenue	Expenses
Totals in segment reporting	25	63 859 346	23 826 849	13 440 547	32 526 653
Inter-fund loan	25	(389 933)	(389 933)	-	-
Inter-fund loan interest	25	-	-	(3 855)	(3 855)
Totals in Statements I and II		63 469 413	23 436 916	13 436 692	32 522 798

Note 26 — Contingent liabilities

- 26.1 The information has been compiled using data available to 10 April 2024. Since then, no significant changes have taken place.
- 26.2 It should be noted that in this Note, any estimate 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 2024. The applied rate of exchange for pounds sterling against various currencies on 31 December 2023 is as published in the London Financial Times.
- 26.3 As at 31 December 2023, there are contingent liabilities of the 1992 Fund estimated at £87 327 000 (2022: £78 622 000) in respect of 12 incidents.
- 26.4 Details of the contingent liabilities at 31 December 2023, given in rounded figures, are set out below:

	Incident	Date	Compensation (incident currency)	Compensation £	Other costs £	2023 Total £	2022 Total £
1	<i>Prestige</i>	13/11/2002		-	75 000	75 000	75 000
2	<i>Solar 1</i>	11/08/2006		-	30 000	30 000	30 000
3	<i>Hebei Spirit</i>	07/12/2007		-	20 000	20 000	30 000
4	<i>Redferm</i>	30/03/2009		-	20 000	20 000	20 000
5	<i>Haekup Pacific</i>	20/04/2010		-	15 000	15 000	15 000
6	<i>Alfa I</i>	05/03/2012		-	20 000	20 000	100 000
7	<i>Nesa R3</i>	19/06/2013		-	50 000	50 000	50 000
8	<i>Nathan E. Stewart</i>	13/10/2016		-	5 000	5 000	5 000
9	<i>Agia Zoni II</i>	10/09/2017	EUR 37.2 million	32 275 000	280 000	32 555 000	33 697 000
10	<i>Bow Jubail</i>	23/06/2018	EUR 35.2 million	30 514 000	350 000	30 864 000	32 190 000
11	Incident in Israel	17/02/2021	ILS 45.0 million	9 794 000	350 000	10 144 000	12 410 000
12	<i>Princess Empress</i>	28/02/2023	PHP 856.2 million	12 129 000	1 400 000	13 529 000	n/a
Total				84 712 000	2 615 000	87 327 000	78 622 000

26.5 Prestige

- 26.5.1 In November 2002, the *Prestige* broke in two and sank some 260 kilometres west of Vigo, Spain. The break-up and sinking released an estimated 63 200 tonnes of cargo, polluting the coastlines of Spain, France and Portugal.
- 26.5.2 In December 2018, the Supreme Court in Spain delivered its judgment on the quantification of the losses resulting from the *Prestige* incident, awarding EUR 1.4 billion (after amendments) for losses of EUR 885 million, plus pure environmental and moral damages of EUR 554 million. The judgment clarified that only the losses were recoverable from the 1992 Fund. In addition, the judgment awarded interest and costs.
- 26.5.3 The total amount of the established claims in the *Prestige* incident exceeds the maximum amount available for compensation under the 1992 Conventions of SDR 135 million (EUR 171 520 703) (EUR 22.8 million under the 1992 CLC and EUR 148.7 million under the 1992 Fund Convention).

- 26.5.4 The Court in charge of the enforcement of the Supreme Court judgment issued an order in March 2019 requesting the 1992 Fund to pay to the limit of its liability, i.e. a remaining amount of some EUR 28 million.
- 26.5.5 The 1992 Fund has paid a total of EUR 147.9 million, including EUR 57 555 000 and EUR 56 365 000 to the Spanish State in 2003 and 2006, respectively; EUR 328 488 to the Portuguese State in 2006; EUR 5.8 million to French claimants; and a payment of EUR 27.2 million into the Spanish Court in April 2019.
- 26.5.6 The balance of compensation payable by the 1992 Fund is EUR 805 275, which is being retained by the 1992 Fund for possible payments to claimants with legal actions pending before the French courts (EUR 800 000) and to the Portuguese Government who are not party to the legal proceedings in Spain (EUR 4 800). The amount still to be paid was provided for in 2017 following the November 2017 judgment.
- 26.5.7 For the purpose of contingent liabilities, fees and other costs have been estimated at £75 000 (2022: £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 contingent liabilities, costs have been estimated at an amount of £30 000 (2022: £30 000).

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. This has enabled the limitation fund to be distributed. The maximum amount available for compensation under the 1992 Conventions is SDR 203 million, corresponding to KRW 321.6 billion. 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 the maximum amount available for compensation.
- 26.7.2 The shipowner's insurer, the Skuld Club, reached the limit of the 1992 CLC liability as per its Letter of Undertaking in 2015 and the 1992 Fund then commenced making compensation payments. In April 2019, following a bilateral agreement with the Government of the Republic of Korea, the 1992 Fund paid the remaining amount of KRW 27 486 198 196 due to the Government, resulting in the overall payment of KRW 134 787 509 429 to the Government by the 1992 Fund.
- 26.7.3 In November 2019, all legal proceedings related to the incident were finalised. Payments of KRW 22 billion (paid in 2018), KRW 22 billion (paid in 2019) and a final balancing payment of KRW 3 454 578 571 (paid in July 2020) were made to the Skuld Club. In February 2021, the Samsung Heavy Industries (SHI) Limitation Court issued a decision on the SHI limitation fund and recognised the 1992 Fund's claim in full plus interest, resulting in a payment to the 1992 Fund of £2.2 million in June 2021.

26.7.4 The incident is now closed, but storage costs are still being incurred. Therefore, for the purpose of contingent liabilities, further amounts payable by the 1992 Fund, including legal costs and joint costs, have been estimated at £20 000 (2022: £30 000).

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 based on a preliminary estimation of the size of the barge.

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

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.

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 ongoing 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 a 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 there may be an attempt to enforce the judgment against the 1992 Fund.

26.8.6 After a further series of interlocutory hearings dealing with garnishee proceedings, the claimants' lawyer asked the Judge to set the matter down for trial, but the Judge insisted that a formal application be made. As at 10 April 2024, no such application has been filed.

26.8.7 For the purpose of contingent liabilities, fees and other costs have been estimated at £20 000 (2022: £20 000).

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 shipowner's insurer, 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 removal operation (with the cargo on board) 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. The legal proceedings commenced by the shipowner/UK P&I Club were withdrawn in June 2013.

26.9.5 In April 2016, in accordance with STOPIA 2006, the shipowner and insurer filed a claim for USD 25.1 million 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, the court held that it was 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. The matter has still to be determined by the appellate court.

26.9.6 An operation to remove the remaining bunker fuels on board the sunken vessel took place in 2022. As at 10 April 2024, no claim has been submitted against the 1992 Fund. 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 contingent liabilities, fees and other costs have been estimated at £15 000 (2022: £15 000).

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 1992 Fund 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 held that 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. 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; the Supreme Court issued judgment No. 1000/2020 dismissing the insurer's appeal and referred the matter back to the Appeal Court. In December 2023, the Appeal Court issued judgment No. 5128/2023 which resulted in there being no possibility of further appeal by the liquidated insurer. This means that the 1992 Fund's claim should be paid out of the liquidated property, concluding the dispute over whether the 1992 Fund was entitled to register prenotated mortgages.

26.10.6 The next step required is to render the prenotated mortgages to full mortgages which must be done within 90 days of 31 October 2023. A stamp duty of 3.6% on the sum secured, amounting to EUR 190 620, was paid in December 2023. The next step will be to sell the properties after which the liquidated insurer's funds should be distributed by the liquidator, which will potentially take one to two years to complete. A loan may be required by the *Alfa I* Major Claims Fund if the remaining balance in the *Alfa I* Major Claims Fund is exhausted before the completion of the liquidation process, which could be provided by the General Fund or another Major Claims Fund.

26.10.7 For the purpose of contingent liabilities, fees and other costs have been estimated at £20 000 (2022: £100 000).

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.

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, at its session in October 2013, the 1992 Fund Executive Committee 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 continue.

26.11.8 For the purpose of contingent liabilities, fees and other costs have been estimated at £50 000 (2022: £50 000).

26.12 Nathan E. Stewart

26.12.1 In October 2018, the Director was served with proceedings concerning an incident that occurred in October 2016, when the articulated tug-barge (ATB), composed of the tug *Nathan E. Stewart* and the tank barge *DBL 55*, ran aground on Edge Reef approximately 10 nautical miles west of Bella Bella, British Columbia, Canada. The tug's hull was breached and approximately 110 000 litres of diesel oil was released.

26.12.2 A First Nation community consisting of five tribes 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 included 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 as it has not been established if the *Nathan E. Stewart/DBL 55* ATB could be considered a 'ship' under Article I(1) of the 1992 CLC, whether the unit was carrying oil in bulk as cargo at the time of the incident, or contained residues of any previous carriage of persistent oil in bulk as cargo during any previous voyages. Its last known cargo was jet fuel, a non-persistent product.

26.12.4 The legal action brought by the First Nation community has been stayed by the Federal Court of Canada pursuant to an order rendered in July 2019. 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, and there is no indication that the damages would exceed the shipowners liability limit under the 1992 CLC.

26.12.5 For the purpose of contingent liabilities, fees and other costs have been estimated at £5 000 (2022: £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 of EUR 5.41 million and made it clear that it did not consider itself liable for any costs incurred thereafter.

26.13.2 The limitation fund administrator concluded the evaluation procedure of the 84 claims filed at the Limitation Court, totalling EUR 94.4 million, by publishing his provisional assessments 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 (including the 1992 Fund which has appealed some aspects of the judgment dealing with the recoverability of its subrogated claims) appealed the assessment.

26.13.3 As at 10 April 2024, the 1992 Fund had received 424 claims amounting to EUR 100.2 million and USD 175 000, with 416 claims approved and compensation payments totalling EUR 16.9 million paid. The 1992 Fund subrogated the claims it had paid against the limitation fund before the expiration of the deadline for filing claims (5 May 2018), but not all of them were accepted. The 1992 Fund has appealed the limitation fund administrator's assessment.

26.13.4 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 the deduction of the advance payments. In December 2019, the third clean-up contractor also served the 1992 Fund with legal proceedings for its claim of EUR 8.9 million.

26.13.5 An investigation conducted by the Technical University of Athens, School of Naval Architecture and Marine Engineering concluded that the *Agia Zoni II* sank after an explosion which flooded the starboard ballast tanks, causing adverse heel and trim. A separate investigation by the third Marine Accident Investigation Council (ASNA) for the Public Prosecutor concluded that the vessel sank due to the opening of the sea water ballast valves and undue opening of the cargo tanks' seals or manifolds, which could only have been done from on board the vessel. Due to the suspicions raised and the delay in publication of the Public Prosecutor's report, no further payments have been made to the main clean-up contractor, due to links between it and the shipowner, pending publication of the Public Prosecutor's report.

26.13.6 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 have taken place with no substantive developments.

26.13.7 Throughout 2020, further legal proceedings were served on the 1992 Fund. As at 10 April 2024, the 1992 Fund faces 58 legal cases (some for several claimants), amounting to claimed compensation of EUR 80 039 363. Based 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.

26.13.8 As at 10 April 2024, it is too early to determine what the 1992 Fund's final liability for this incident will be, as the remaining claims are mostly within the Greek court system. Many of the assessments from the limitation fund administrator were broadly in line with the 1992 Fund's expert's reports, so it is expected that the Judge will consider such assessments in making their judgments. 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.

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

Agia Zoni II incident	Amount in EUR
Estimated compensation payable	60 000 000
Less CLC limit	(5 400 000)
Less compensation paid to 31 December 2023	(16 564 731)
Less compensation provision brought forward from 2022	(393 797)
Less compensation provision added in 2023	(395 970)
Contingent liability	37 245 502

26.13.10 For the purpose of contingent liabilities, compensation is estimated at EUR 37.2 million (2022: EUR 37.6 million) and fees and other costs at £280 000 (2022: £300 000).

26.14 Bow Jubail

26.14.1 On 23 June 2018, the oil and chemical tanker *Bow Jubail* (23 196 GT) collided with a jetty owned by LBC Tank Terminal in Rotterdam, 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 limitation amount applicable to the *Bow Jubail* is SDR 15 991 676. The shipowner is a party to STOPIA 2006 (as amended 2017) whereby the limitation amount applicable to the tanker is increased, on a voluntary basis, to SDR 20 million. Under STOPIA 2006 (as amended 2017), 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.

26.14.5 In January 2023 the Supreme Court in The Hague rendered its judgment, confirming the Rotterdam District Court and Appeal Court's judgments that the *Bow Jubail* qualified as a ship as per Article I(1) of the 1992 CLC.

26.14.6 In March 2023, the shipowner and the Gard Club applied to the Rotterdam District Court for leave to limit their liability in accordance with the 1992 CLC. The 1992 Fund will be called upon to pay compensation once the 1992 CLC and STOPIA 2006 (as amended 2017) limits are reached.

26.14.7 It is expected 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 for the incident is in the region of EUR 60 million with SDR 20 million (EUR 24.8 million) being covered by the shipowner, resulting in an estimated balance of compensation payable by the 1992 Fund of some EUR 35.2 million.

26.14.8 For the purpose of contingent liabilities, compensation is estimated at EUR 35.2 million (2022: EUR 36 million). Fees and other costs have been estimated at £350 000 (2022: £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. The tar balls, ranging in severity from medium-heavy pollution to very light dispersed tar balls, continued to be 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 As at 10 April 2024, a total of 470 claims for clean-up activities and economic losses had been submitted, totalling around ILS 40 million. However, the Israeli Government informed the 1992 Fund that they had already incurred clean-up costs totalling ILS 55 million and that further claims would 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 2023	(4 163 043)
Less compensation provision added in 2023	(5 876 590)
Contingent liability	44 960 367

26.15.5 For the purpose of contingent liabilities, compensation payable has been estimated at ILS 45.0 million (2022: ILS 51.6 million). Fees and other costs have been estimated at £350 000 (2022: £250 000).

26.16 Princess Empress

26.16.1 On 28 February 2023, the *Princess Empress* sank off the coast of Naujan, Oriental Mindoro, the Philippines, whilst carrying 800 000 litres of fuel oil as cargo. An oil spill was detected around the location of the wreck, which extended to other areas, causing pollution damage affecting the coast of Oriental Mindoro to varying degrees. The oil had also travelled to the Caluya archipelago, affecting the islands of Semirara and Liwagao.

26.16.2 The owner of the *Princess Empress* is a party to STOPIA 2006 (as amended 2017) whereby the limitation amount applicable to the tanker is increased, on a voluntary basis, to SDR 20 million. Under STOPIA 2006 (as amended 2017), 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. However, the amount of compensation payable in respect of this incident already exceeds the STOPIA 2006 (as amended 2017) limit of SDR 20 million.

26.16.3 As at 10 April 2024, 39 claims totalling some USD 29 million were paid to claimants in the clean-up sector. In the fisheries sector, some 36 000 claims have been received and are in the process of being assessed and paid. The total amount claimed by the fisheries sector to date is PHP 1 367 million which is equivalent to some USD 25 million. Claims have also been received from the tourism sector, although the value (some PHP 90 million) and quantity (2 557) of tourism claims is so far relatively low. It is expected that government agencies will also submit claims, but it is not yet possible to estimate their value. Liability for this incident is currently estimated at USD 60 million or PHP 3.3 billion, but it is too early to determine the final 1992 Fund liability.

26.16.4 As at 10 April 2024, the estimated compensation liability for the 1992 Fund is shown in the following table.

<i>Princess Empress</i> incident	Amount in PHP
Estimated compensation payable	3 329 400 000
Less STOPIA 2006 (as amended 2017) limit	(1 483 954 000)
Less compensation paid to 31 December 2023	(267 242 880)
Less compensation provision added in 2023	(721 991 852)
Contingent liability	856 211 268

26.16.5 For the purpose of contingent liabilities, compensation has been estimated at PHP 856.2 million, and fees and other costs have been estimated at £1.4 million.

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 The table below shows future minimum lease payments payable by the 1992 Fund for the office in the IMO headquarters building:

	Secretariat office/storage space £
Not later than one year	215 000

Note 28 — Related parties and key management personnel

28.1 The table below shows remuneration related to key management personnel:

	2023	2022
Number of individuals	4	5
	£	£
Basic salary and post adjustment	639 407	743 405
Entitlements	41 513	37 731
Provident Fund and health insurance	156 296	190 307
Post-employment benefits	-	116 750
Total remuneration	837 216	1 088 193

28.2 For the period January to May 2023, the Management Team consisted of the Director, the Deputy Director/Head of the Claims Department, the Head of the Administration Department and the Head of the External Relations and Conference Department. In June 2023, the Management Team was reconfigured to consist of the Director, the Deputy Director/Head of the Claims Department and the Head of the Administration Department. Related party disclosures in line with the IPSAS requirements are included in the notes to the Financial Statements.

28.3 In 2023, 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 also qualify 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 £40 000 (2022: £38 000). As at 31 December 2023, an amount of £44 722 was due from the Supplementary Fund, which was settled in January 2024.

Note 29 — Events after reporting date

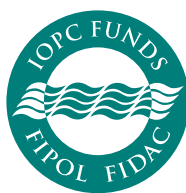
29.1 The 1992 Fund's reporting date is 31 December 2023.

29.2 On 6 February 2024, the authorities in Trinidad and Tobago were made aware of an oil substance coming ashore on Tobago from the capsized barge *Gulfstream*.

29.3 In May 2024, the 1992 Fund Executive Committee decided that this incident would be covered by the 1992 Fund Convention. The Executive Committee concluded that the substance met the definition of 'oil' and that the vessel met the definition of 'ship', under Article I(5) and Article I(1), respectively, of the 1992 CLC.

29.4 The authorities in Trinidad and Tobago took samples of the oil which, upon a preliminary investigation, was revealed to be persistent oil, most likely Bunker Fuel C.

- 29.5 The governing bodies of the 1992 Fund have previously accepted that where an oil barge is carrying oil in bulk as cargo from one place to another it may constitute a 'ship' for the purposes of the conventions. The *Gulfstream* had a history of trading at sea, laden with persistent fuel oil.
- 29.6 As at 19 April 2024, despite the efforts of authorities in Trinidad and Tobago, the registered owner of the barge *Gulfstream* had not been identified. The accompanying tug (*Solo Creed*), which towed the barge, has not been found and efforts to find its owner have so far been unsuccessful.
- 29.7 On 14 June 2024, the Netherlands-flagged dredging ship *Vox Maxima* struck the Singapore-flagged *Marine Honour* at Pasir Panjang shipping terminal, resulting in an oil spill from one of the latter's cargo tanks. The incident has caused pollution damage to the affected areas and is likely to result in claims for compensation, exceeding the limit of liability of the shipowner under the 1992 CLC.
- 29.8 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.
- 29.9 The date of authorisation for issue is the date of certification by the External Auditor.
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