2016

THE INTERNATIONAL TANKER OWNERS POLLUTION FEDERATION LIMITED

REVIEW

INCORPORATING 2016 DIRECTORS' REPORT AND ACCOUNTS

Contents

FRONT COVER

At-sea response in the North Sea

Chairman's Statement

© Susanne Hakuba

Paddy Rodgers, ITOPF's Chairman

A key feature of the shipowners' landscape over the period of this Annual Review is unpredictability. Shipowners have had to navigate through waters of environmental, regulatory and market-driven uncertainty and, in doing so, many have had to adapt to survive. Expanding on the Darwinian theme; survival of the fittest in these unpredictable times seems to depend more and more on being able to exploit even the smallest efficiency in operations, trading or investing. I do believe that it is necessary in today's world to think 'outside the box' to achieve excellence. The future will favour those able to adapt and evolve.

Buzz words that have been heard more in the last year include 'big data' and 'predictive analytics', being the use of data mining, statistics, modelling, machine learning, and artificial intelligence to analyse data to make predictions about the future. By following trends and developing predictive models, efficiencies may be achieved through scrutinising anomalies and 'noisy data'. Indeed, this is exactly what the medical profession is exploiting to take it to a new level of diagnostics. Analysing 'big data' and trends is likely to become more and more important in assisting ship-owners to target where marginal gains may achieve that 'remarkable improvement'.

Shipowners need to think 'outside the box' to achieve excellence

Technical Services

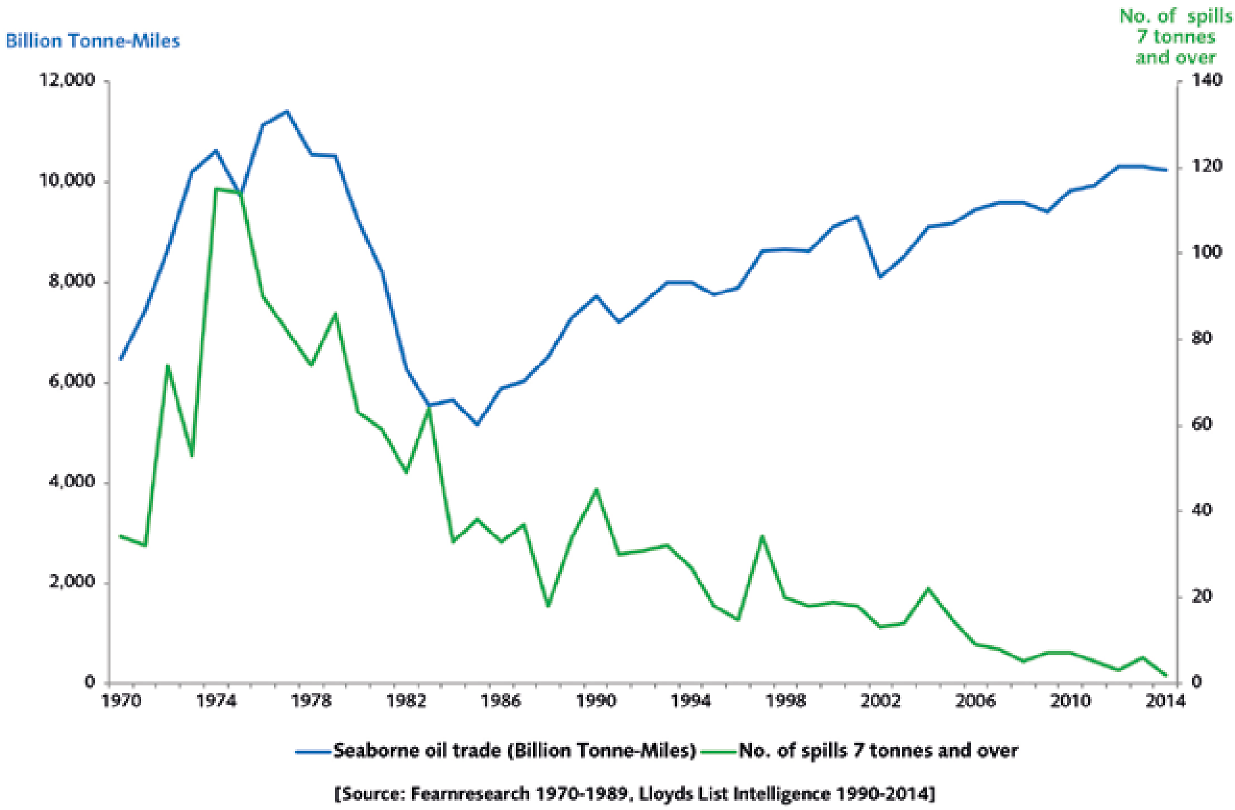
Remarkable improvement is exactly what has been achieved when reflecting on the dramatic reduction in both the number of incidents and volume of oil spilled from tankers over the last three and a half decades as demonstrated by ITOPF's statistics released in January. The statistics show that the amount of oil spilled as a result of tanker accidents now represents only a tiny fraction of the oil transported safely by sea each year.

As regards incidents which occurred during the year in review, ITOPF attended 20 new incidents from tankers and non-tankers; a third of these occurred in Europe and another third in Asia. Of note is the fact that no incident resulted in a spill of more than 130 tonnes and most were of less than 100 tonnes, thus reinforcing the trend towards less and less oil being spilled through shipping accidents.

ITOPF has attended 20 new incidents during the year under review

The significance of an incident is not always measured by the quantity of oil spilled but by the complexity of the issues surrounding it. The amount of oil spilled in the incident in Vancouver was small but it fuelled protesters who were campaigning against tar sands and pipelines in the region, causing embarrassment for the politicians and, in turn, increasing pressure on those involved in the response. It is against such a background that the technical team at ITOPF works to promote a balance to ensure clean-up takes place effectively and without causing undue harm to the environment.

One of the larger incidents that ITOPF attended involved the loss of bunkers when the MV CITY broke up after running aground in Japan. A combination of heavy snowfall and oil having penetrated a network of highly valued paddy fields meant that Technical Advisers were on site continuously for 8 weeks. During that time they established a good



ITOPF's statistics demonstrate a dramatic reduction in oil spills from tankers

working relationship with the Japanese authorities, assisting them with trials to determine the best clean-up methods for the paddy fields and advising on the potential for damage to agriculture and fisheries.

Apart from advising on the fate and effects of oil, ITOPF has been called upon to provide advice, both on site and remotely, on a variety of different cargoes, including coal, HNS, timber and even livestock. Each of these brings its own set of problems but the stranding of some 7,500 tonnes of bituminous coal on the coastline of Indonesia from the MV FINACIA 32 presented significant clean-up challenges, especially where the coal was up to 4m deep in places. Even after issues related to the bunkers or cargo on-board these ships have been addressed, ITOPF's expertise is often called upon to advise on wreck removal and associated Environmental Impact Assessments (EIA), as in the case of the MV LOS LLANITOS which ran aground during hurricane 'Patricia'.

Heavy snow fall made for difficult working conditions during the CITY response

Whilst the number of new incidents that ITOPF attends remains more or less constant from year to year, the complexity and duration of the issues arising mean that ITOPF's staff are sometimes engaged in the monitoring and assessment of pollution damage for many months, even years afterwards. By way of example, this year ITOPF was asked to provide technical advice in relation to allegations that drinking water aquifers were contaminated with oil from an incident occurring some 16 years earlier. More often than not the issues arising relate to claims for environmental damage. Some of these claims can run into many $millions and lack the evidence to support damage of this magnitude. Other claims are more difficult to assess because of the scale of the incident or the lack of official documents to prove loss. This is especially the case for artisanal fisheries where recordsare rarely kept yet financial loss has clearly arisen, such as in the case of the MT GOLDEN MILLER where the team is still involved in assessing fisheries claims following the incident in December 2013. It

Bituminous coal stranded on the coastline of Indonesia

INCIDENTS ATTENDED ON-SITE BY ITOPF STAFF IN THE 12 MONTHS TO 20TH FEBRUARY, 2016

Date	Incident Name	Size (GT)	Location	Product Spilt
06 Mar 2015	NASSAU ENERGY* (spill from pipeline)	57,925	Ras Ghareb, Egypt	Crude
09 Apr 2015	MARATHASSA	43,229	Vancouver, Canada	IFO 380
11 May 2015	BUNGA LOTUS*	11,925	Paraná River, Argentina	HFO
02 Jun 2015	Falmouth Port Spill	-	Falmouth docks, UK	HFO
17 Jul 2015	ALAM MANIS	31,238	Philippines	None
26 Jul 2015	SUNPOWER*	3,691	Port of Huelva, Spain	Asphalt
27 Aug 2015	GREEN EGERSUND	5,084	Gdynia Port, Poland	HFO
02 Sep 2015	FINACIA 32	3,141	Ujung Kutonas, Indonesia	Coal
10 Sep 2015	CMA CGM BERLIOZ (spill from SANTA ELENA bunker barge)	73,157	Freeport, Malta	HFO
16 Sep 2015	XENA*	11,733	Shanghai, P.R. China	Styrene (no release)
06 Oct 2015	FLINTERSTAR c/w AL ORAIQ	6,577	Zeebrugge, Belgium	IFO 380 & MGO
06 Oct 2015	HAIDAR	5,026	Barcarena, Pará, Brazil	Livestock and IFO 180
15 Oct 2015	NIJPTANGH	1,403	Cherbourg, France	MGO
17 Oct 2015	TOKYO SPIRIT*	78,845	Cascais, Lisbon, Portugal	None
23 Oct 2015	LOS LLANITOS	38,105	Manzanillo, Mexico	IFO
8 Nov 2015	CEMSTAR	4,082	Brevik harbour, Norway	MDO
10 Jan 2016	CITY	4,359	Sakata port, Japan	IFO & MDO
14 Jan 2016	FU LONG	5,007	Ishigaki Island, Japan	IFO 180 & Timber
19 Jan 2016	EAGLE KANGAR* (spill from terminal loading arm)	60,379	Puerto Piritu, Venuzuela	Crude
22 Jan 2016	DUMUN	32,315	Singapore Strait	IFO & Bilges

** Tank vessel*

ITOPF provided advice on wreck removal and associated environmental issues in the case of MV LOS LLANITOS

is in cases such as these when shipowners, their insurers and claimants rely heavily upon ITOPF, both to provide that all-important technical objectivity and to identify ways to assess claims fairly.

During the year under review, the team received several requests from government agencies around the world to assist them with contingency planning, exercises/drills and workshops. ITOPF's role in promoting effective spill response through education and outreach is key and is supported by the Board wholeheartedly. Government agencies in Estonia, Cambodia, Finland, Singapore, Turkmenistan, Norway, Panama, Germany, Korea, Greenland, India, Turkey, the Arctic Council and New Zealand, have all sought technical support from ITOPF. In the case of New Zealand, ITOPF was asked to provide an independent technical peer review of a plan developed by Maritime New Zealand building on the experience from the MV RENA in October 2011 and a recent risk assessment of oil spills in New Zealand waters. This project demonstrates the important role that ITOPF plays in working with governments to implement the lessons learned from real incidents.

Another valuable mechanism that ITOPF uses to disseminate lessons learned is through its contribution to intergovernmental fora and industry-government partnerships, such as the International Maritime Organisation (IMO), International Oil Pollution Compensation Fund (IOPC Fund), IMO-IPIECA Global Initiative programmes, and others. The team has worked with the IOPC Fund to draft two key guidance documents for potential claimants following oil spills. These were published during the year: *'Guidelines for presenting claims for clean-up and preventative measures'* and *'Guidelines for presenting claims in the fisheries, mariculture and fish processing sector'*. Such publications, together with ITOPF's own publications, serve as references to best practice based on first-hand experience.

ITOPF continues to be involved in assessing fisheries claims following the GOLDEN MILLER incident

ITOPF peer reviewed a plan developed by Maritime New Zealand after the RENA incident

Site survey in Norway to assess potential environmental impacts of a wreck

Maersk Tankers provided an opportunity for ITOPF to join them on a voyage in Europe

ITOPF presenting at a seminar for Gard P&I Club

Throughout the year the team has continued its work to raise awareness of the services the Federation provides, in 'peace-time' as well as in an emergency, amongst shipowners and their insurers. This involved meeting shipowners and ship-managers at their offices around the world, contributing to P&I 'Member Days', attending shipowner conferences and events, and meeting ship's crews on-board their vessels. Maersk Tankers kindly provided an opportunity for a Technical Adviser to join them on a voyage in Europe. This afforded the chance to discuss emergency response drills and training with the Captain and crew and had the reciprocal benefit of enabling ITOPF to observe the important procedures that are followed when loading, transporting and discharging oil.

Administrative Matters

As at 20th February 2016, Membership tonnage stood at 377 million GT, representing an increase of approximately 16 million GT (~4%) compared with the previous financial year. Associate tonnage stood at 766 million GT as at the same date, representing an increase of 45 million GT (~6%).

At its meeting on 12th November 2015, the Board resolved that the Administration Fee to be applied to all Members should be set at £20 per tanker, ensuring that the total income received by ITOPF in a year will be the same as it would have received had the subscriptions been calculated solely by reference to a rate per ton. Accordingly, the dues for the year 2016/2017 were set at 0.50 of a UK penny per GT of Member tonnage plus a £20 Administration Fee per tanker, and 0.39 of a UK penny per GT of Associate tonnage. This maintains the proportion of income received at 1/3rd Members and 2/3rd Associates to reflect the trend both in terms of incidents attended and entries in ITOPF.

Board of Directors

The following directors were appointed to the Board on 12th November 2015: Messrs. Paul Markides and Hannes Thiede and Dr. Chao Wu.

As reflected in the Directors' Report, five directors retired during the course of the year: Messrs. John Ridgway, Peter John Goulandris, Hitoshi Nagasawa, Nikolaus Schües and Colin Trappe. Mr Goulandris was a director for some 37 years and Chairman for 15 of those. He was instrumental in establishing some of the founding principles of the Federation by which it still operates today. His wisdom and significant contribution to the work of ITOPF was marked with the presentation of a glass plaque at a joint ITOPF/OCIMF dinner on 11th November 2015 prior to Mr Goulandris attending his last Board Meeting the following day. I also thank the other directors who retired during the course of the year. Their wealth of experience ensured valuable input to the meetings of the Federation thereby contributing to the continued success of the Federation and to the further development of its activities in the interest of all of its members and other stakeholders.

ITOPF is fortunate to have a Board comprising highly experienced, senior representatives of the world's major shipping, oil and P&I insurance industries. Undoubtedly, the Federation is strengthened through having Board directors of such high standing and I acknowledge here the contribution that they make as 'ambassadors' of ITOPF, especially given the significant demands on their time that their 'day jobs' necessitate.

The ITOPF Board, November 2015

Presentation to Mr Goulandris who stepped down as ITOPF Director after 37 years

Management and Staff

The year under review provided an opportunity to reflect on ITOPF's 2011-15 Strategic Plan and its achievements. The Board was particularly pleased to see the work that had been done by the staff to strengthen delivery of its technical services and to raise the profile of the Federation through its educational outreach and through the launch of its new film series. The Board fully endorsed the new 2016-20 Strategic Plan and applauded the extent to which the staff had contributed to identifying the Federation's values and defining the role that they would each take in achieving the goals for the next 5 years.

Ensuring that ITOPF has the resources to enable staff to reach their full potential and to work safely no matter where in the world they travel is an important function of the Board. Consequently, investment has been made during the last year in staff training and development; for example, updating ITOPF's internal Risk Assessment procedures, participating in Arctic Survival training, Helicopter Underwater Escape Training, British Airways flight emergency training, first aid training and other training aimed at developing leadership, management and job-specific skills.

The technical team undertaking helicopter underwater escape training

With a focus on staff retention, all roles were salary benchmarked during the year and job-descriptions were updated. In addition, work is almost complete to update ITOPF's internal HR policies. In my Statement last year I alluded to the challenges facing a small organisation when seeking to apply flexible working practices for staff with young families whilst needing to maintain 24/7 capability in case of incidents. I am pleased that the Federation has demonstrated its adaptability by providing enhanced maternity/paternity benefits and the possibility of Senior Technical

ITOPF supported an exercise run by the Korea Coast Guard

Preparing for spills in cold climates at an Arctic survival course

IMO/IPIECA GI WACAF Regional Conference, Accra, Ghana (Photo courtesy of GI WACAF)

Advisers taking a secondment as a non-emergency responder. These will continue to be challenges in a small organisation but we trust this approach will go some way to retaining experienced staff.

That said, there will be inevitable 'flux' in staff appointments. During the year the following staff left ITOPF: Ms Lisa Fleming (Finance Officer), Dr Tim Lunel (Support & Development Director), Ms Susannah Musk (Technical Support Co-ordinator), Ms Melanie Keeble (Secretary to the Support & Development Director) and Dr Jessika Fuessel (Technical Adviser). Ms Claire Keogh (HR & Pensions Administrator) and Mrs Jenny Maher (Finance Officer) joined the team in March and November 2015 respectively. Some re-organisation of functions within ITOPF, combined with internal promotions and new appointments, were made shortly after the period under review to achieve the best combination of talent and personal development going forward.

I began my Statement by highlighting unpredictability and the importance of being adaptable. In a world where accidents cannot be predicted it is reassuring to know that an organisation with the depth of experience as exists amongst the team in ITOPF can be relied upon to provide objective, science-based technical support to those involved in an incident, no matter whether they be the owner, insurer or claimant. I admire the team for their ability to embrace unpredictability and prepare their strategy for what the next five years may bring and congratulate Karen for her judicious and diligent leadership of the team.

PADDY RODGERS
Chairman

Directors' Report
for the year ended 20th February, 2016

The Federation is a company limited by guarantee and not having a share capital. The Federation provides technical services to its tanker owner Members and others in relation to ship-source spills of oil or chemicals, including advice on response, damage assessment and the analysis of claims for compensation; contingency planning and advisory work; and training and information. Owners and bareboat charterers of ships other than tankers are entitled to become Associates of the Federation and so to benefit from the Federation's technical services on a similar basis to its tanker owner Members.

A Statement by the Chairman containing a report on the activities of the Federation during the year under review accompanies this Report. The Directors accept and endorse the Chairman's Statement.

The Directors present the audited accounts of the Federation for the year ended 20th February, 2016, which show a deficit (after tax) of £106,242 (2015 (restated): £239,244 deficit) and a deficit carried forward amount of £904,292 (2015 (restated): £2,423,376 deficit). During the year the Federation made charitable donations of £1,110 to the Sailors' Society; £500 to The Mission to Seafarers and £250 to both the British Red Cross and MSF Doctors without Borders (2015: £500 to the Sailors' Society and £500 to The Mission to Seafarers).

The Directors of the Federation as at 20th February, 2016 were:

P. Rodgers (Chairman)
K. J. Purnell (Managing Director)

J.J. Buono
B. Chiu
S.L. Dio
M.H. Engelstoft
B. Ghouth
E. Hånell
J. Hare
G. Henderson
D.R. Kurz
P.B. Markides
M.F. Martecchini
N. Ohsumi
S. Popravko
S. Rosina
M.H. Ross
I. Sæther
B. Sheth
J.A.B. Soares
H. Takahashi
H.K. Thiede
C.P. Williams
C. Wu
Z. M. Jin

During the year Mr. D.J. Ridgway resigned as a Director on 31st May, 2015 and Messrs. P.J. Goulandris, H. Nagasawa, N.H. Schües and C.G. Trappe resigned as Directors on 12th November, 2015.

Messrs. P.B. Markides and H.K. Thiede and Dr. C. Wu, who were appointed as Directors on 12th November, 2015, will retire at the forthcoming Annual General Meeting and offer themselves for reappointment.

The Directors due to retire by rotation at the next Annual General Meeting in accordance with the Articles of Association are Messrs. M.H. Engelstoft, E. Hånell, S. Popravko, P. Rodgers, S. Rosina and B. Sheth and Ms. I. Sæther. With the exception of Mr. B. Sheth and Ms. I. Sæther, the retiring Directors, being eligible, will offer themselves for reappointment.

The Alternate Directors of the Federation as at 20th February, 2016 were:

K. Atsumi
T.A.H. Bakheet
C.G. Bastis
L.J.D.S. Cabral
P.M. Davies
S.N.B. Fallou
C. Guddal
T. Icot
C.M. McLeod
I. Pankov
A. Paulson
H. Sawabe
N.H. Schües
J.H.K. Sonesson
J.Sy
E. Tominaga

During the year the following were appointed or, as the case may be, ceased to be Alternate Directors, on the dates indicated.

	Appointment	Cessation
C.M. McLeod	11th December, 2015	
A. Paulson	12th November, 2015	
T.M.L. Reading		31st May, 2015
T.M.L. Reading	31st May, 2015	11th December, 2015
N.H. Schües	12th November, 2015	
H.K. Thiede		12th November, 2015
E. Tominaga		12th November, 2015
E. Tominaga	7th January, 2016	
C. Wu		12th November, 2015

Directors' Confirmation

Each of the persons who are directors at the time when this Report is approved has confirmed that:

(a) so far as each director is aware, there is no relevant audit information of which the Federation's auditors are unaware; and

(b) each director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Federation's auditors in connection with preparing their report and to establish that the Federation's auditors are aware of that information.

This Report has been prepared in accordance with the small companies' regime of the Companies Act 2006.

By Order of the Board

P.G. MICHELMORE, OBE
Secretary
The International Tanker Owners Pollution Federation Limited
Registered number 944863
14th June, 2016

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor's Report

Independent Auditor's Report to the Members of The International Tanker Owners Pollution Federation Limited (A Company Limited by Guarantee).

We have audited the financial statements of The International Tanker Owners Pollution Federation for the year ended 20th February, 2016 which are set out on pages 12 to 27. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 20th February, 2016 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

JOANNE ALLEN
Senior Statutory Auditor
For and on behalf of Moore Stephens LLP, Statutory Auditor
150 Aldersgate Street
London EC1A 4AB
16th June, 2016

Statement of Comprehensive Income
for the year ended 20th February, 2016

	Note	**2016**	2015 (Restated)
		£	£
Turnover	*4*	**5,342,148**	4,745,634
Administrative expenses	*6*	**(5,326,647)**	(4,929,178)
Operating surplus/(deficit)		**15,501**	(183,544)
Net interest and similar income and charges	*5*	**(116,843)**	(51,105)
Revenue deficit on ordinary activities before taxation		**(101,342)**	(234,649)
Taxation	*9*	**(4,900)**	(4,595)
Revenue deficit on ordinary activities after taxation	*10*	**(106,242)**	(239,244)
Other comprehensive income			
Actuarial gain/(loss) on the pension scheme	*16*	**1,625,326**	(3,187,143)
Total comprehensive income/(loss) for the year		**1,519,084**	(3,426,387)

All results relate to continuing activities.

Statement of Financial Position
at 20th February, 2016

	Note	2016		2015 (Restated)	
		£	£	£	£
Fixed assets					
Property, plant and equipment	*12*		**196,482**		248,058
			196,482		248,058
Current assets					
Stocks	*13*	**9,233**		9,904	
Debtors	*14*	**572,560**		530,998	
Cash and cash equivalents		**1,884,573**		1,346,162	
		2,466,366		1,887,064	
Creditors: amounts falling due within one year	*15*	**(627,321)**		(483,871)	
Net current assets			**1,839,045**		1,403,193
Net assets excluding pension liability			**2,035,527**		1,651,251
Pension liability	*16*		**(2,939,819)**		(4,074,627)
Net assets including pension liability			**(904,292)**		(2,423,376)
Accumulated revenue deficit	*10*		**(904,292)**		(2,423,376)

These financial statements have been prepared in accordance with the small companies regime of the Companies Act 2006.

These financial statements were approved by the Board of Directors on 14th June, 2016 and were signed on its behalf by:

P. RODGERS
14th June, 2016

Statement of Changes of Equity
for the year ended 20th February, 2016

	Accumulated revenue surplus/(deficit) (Restated) £
Balance at 21st February 2014	1,003,011
Comprehensive income:	
Revenue deficit on ordinary activities after taxation	(239,244)
Other comprehensive income:	
Actuarial loss on the pension scheme	(3,187,143)
Balance at 20th February 2015	(2,423,376)
Comprehensive income:	
Revenue deficit on ordinary activities after taxation	(106,242)
Other comprehensive income:	
Actuarial gain on the pension scheme	1,625,326
Balance at 20th February 2016	**(904,292)**

Statement of Cash Flows
for the year ended 20th February, 2016

	2016 £	2015 £ (Restated)
Cash flows from operating activities		
Deficit before tax	(101,342)	(234,649)
Adjustments for:		
Depreciation	109,123	105,856
Interest income	(15,041)	(13,157)
Interest expense	131,884	64,262
Decrease/(increase) in stocks	671	(2,927)
(Increase)/decrease in debtors	(41,562)	140,278
Increase/(decrease) in creditors	143,145	(214,353)
Interest paid	358,634	63,089
Taxation paid	(4,595)	(3,990)
Net cash flow from operating activities	580,917	(95,591)
Cash flows from investing activities		
Purchase of property, plant and equipment	(57,547)	(134,616)
Interest received	15,041	13,157
Net cash flow from investing activities	(42,506)	(121,459)
Net change in cash and cash equivalents	538,411	(217,050)
Cash and cash equivalents at the start of the period	1,346,162	1,563,212
Cash and cash equivalents at the end of the period	1,884,573	1,346,162

Notes to the financial statements

1 Members' guarantee

Under the Memorandum of Association each Member is committed, in the event of the company being wound up whilst it is a Member, or within one year thereafter, to contribute a sum not exceeding £5. At 20th February, 2016 there were 7,367 Members (2015: 7,030).

2 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation
The financial statements have been prepared in accordance with the *Financial Reporting Standard 102* issued by the Financial Reporting Council.

Before the year ended 20th February, 2016 the financial statements were prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008) as issued by the Financial Reporting Council, and referred to below as 'previous UK GAAP'. The financial effects of the transition are set out in note 17 below.

The financial statements have been prepared on the going concern basis which contemplates the realisation of assets and the settlement of liabilities in the ordinary course of business. The company has an accumulated deficit carried forward at the year end as a result of the defined benefit scheme liability. This liability is not expected to crystallise in the foreseeable future and therefore the going concern basis of preparation is considered to be the appropriate basis.

Foreign currencies
The company has a presentation currency of Pounds Sterling (GBP) and has determined that Pounds Sterling is its functional currency, as this is the currency of the economic environment in which the company predominantly operates.

Transactions in currencies other than GBP are recorded using the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the reporting date and the gains or losses on translation are included in the result for the year.

Turnover
Turnover includes Members and Associates dues, which are paid annually and comprise a set annual charge per gross tonnage. The level of dues per gross tonne for each respective class (Members and Associates) is fixed by the Board at the Annual Board of Directors Meetings. Members and Associates dues are accounted for on an accruals basis.

Leases
Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership from the lessor to the lessee. All other leases are classified as operating leases.

For leases accounted for as 'operating leases', the rental payments are charged to the profit and loss account on a straight-line basis over the life of the lease.

Fixed assets and depreciation
Computer equipment and fixtures and fittings are stated at cost less accumulated depreciation and any recognised impairment losses.

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets over their estimated useful economic lives as follows:

Computer equipment:	33.3% per annum on a straight line basis
Furniture and fittings:	15% per annum on a diminishing balance basis

Books, manuscripts, pictures and artwork are not depreciated on the basis that their expected residual value exceeds their cost.

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period if there are indicators of change. The carrying amount of an asset is written down immediately to its recoverable amount if the asset's carrying amount is assessed as greater than its estimated recoverable amount.

Impairment of non-financial assets
At each reporting date, the company reviews the carrying amounts of its property, plant and equipment, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Stocks
Stocks represent the value of publications held for free distribution as part of the service provided by the company and are stated at cost. Cost comprises the printing and production cost of the publication and is determined using the first-in, first-out ('FIFO') method.

Financial assets and liabilities
Financial instruments are recognised on the company's statement of financial position when the company becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at their transaction price unless the arrangement constitutes a financing transaction which includes transaction costs for financial instruments not subsequently measured at fair value. Subsequent to initial recognition, they are measured as set out below. Financing transaction are measured at the present value of their future cash flows, discounted at a market rate of interest for a similar debt instrument.

Financial instruments are classified as either 'basic' or 'other' in accordance with Chapter 11 of FRS 102. All financial instruments held by the company have been classified as basic.

At the end of each reporting period, debt instruments classified as basic are measured at amortised cost using the effective interest rate method.

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire, or when the company has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

Impairment of financial assets
The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset that can be estimated reliably. The criteria that the company uses to determine that there is objective evidence of an impairment loss include:

i. significant financial difficulty of the obligor;
ii. a breach of contract, such as a default or delinquency in payments;
iii. the company, for economic or legal reasons relating to the debtor's financial difficulty, granting to the debtor a concession that the lender would not otherwise consider;
iv. it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

As an initial step the company assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced to the present value of estimated future cash flows and the amount of the loss is recognised in the income statement. Where the investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

In the case of financial assets measured at cost, the impairment loss will be the difference between the asset's carrying amount and the best estimate of the sales price that would be achieved at the reporting date.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

Trade debtors
Trade debtors are amounts due primarily from P&I Clubs in respect of technical services provided to them by ITOPF. Trade debtors are recognised at the undiscounted amount of cash receivable, which is normally the invoice price, less any allowances for doubtful debts.

Cash and cash equivalents
Cash and cash equivalents consist of cash on hand and balances with banks which are readily convertible, being those with original maturities of three months or less.

Trade creditors
Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as creditors falling due within one year if payment is due within one year or less. If not, they are presented as creditors falling due after one year.

Trade creditors are recognised at the undiscounted amount owed to the supplier, which is normally the invoice price.

Pensions
The company operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company.

The cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each reporting date. Actuarial gains and losses arising from experience adjustments and changes in assumptions are recognised immediately in other comprehensive income. All costs related to the defined benefit plan are recognised in the income statement within employee benefit costs.

The retirement benefit obligation recognised in the statement of financial position represents the present value of the defined benefit obligation as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the plan.

3 Critical accounting estimates and judgements

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Defined benefit pension scheme
The present value of the defined benefit pension depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pension include the discount rate.

Any changes in these assumptions will have an effect on the carrying amount of pension and other post-employment benefits.

After taking appropriate professional advice, management determines the appropriate discount rate at the end of each reporting period. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, consideration is given to the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits are to be paid and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions relevant to the defined benefit pension and other post-employment benefit obligations are based in part on current market conditions. Additional disclosures concerning these obligations are given in note 16.

4 Analysis of turnover

Turnover represents Membership dues, Associate dues and cost recoveries for services rendered to third parties, net of Value Added Tax.

	2016	2015
	£	£
By activity		
Membership dues	**2,102,858**	1,920,117
Associate dues	**3,099,304**	2,759,387
Royalties	**11,570**	10,818
Cost recoveries and other income	**128,416**	55,312
	5,342,148	4,745,634

5 Net interest and similar income and charges

	2016	2015 (Restated)
	£	£
Bank interest	**15,041**	13,157
Net return on pension scheme (*Note 16*)	**(131,884)**	(64,262)
	(116,843)	(51,105)

6 Administrative expenses

	2016	2015 (Restated)
	£	£
Salaries and other employment costs (*Note 8*)	**3,231,393**	2,843,640
Auditor's remuneration – statutory audit fees	**14,000**	12,500
Auditor's remuneration – corporation tax fee	**3,500**	3,750
Professional fees	**405,480**	360,517
Property lease rentals payable	**212,563**	212,563
Depreciation of tangible fixed assets	**109,123**	105,856
Technical information and publications	**244,544**	243,320
Raising awareness	**90,160**	134,485
Research and development awards	**45,917**	63,856
Office expenses	**242,471**	248,767
Other administrative expenses	**722,071**	717,498
	5,326,647	4,929,178

7 Remuneration of Directors

The emoluments of the Chairman were £nil (2015: £nil) and the emoluments of the highest paid Director were £158,340 (2015: £160,818); none of the other 25 Directors (2015: 25) received any emoluments in respect of services rendered to the company (2015: £nil). One Director is entitled to benefits under a defined benefit pension scheme (2015: one). No Directors are entitled to benefits under defined contribution schemes.

8 Staff numbers and costs

The average number of persons employed by the company (including the Managing Director) during the year, analysed by category, was as follows:

	Number of employees	
	2016	2015
Technical and information staff	**23**	21
Administration	**9**	10
	32	31

The aggregate payroll costs of these persons were as follows:

	2016	2015 (Restated)
	£	£
Wages and salaries	**2,105,697**	2,001,606
Social security costs	**228,739**	241,934
Pension costs (*Note 16*)	**896,957**	600,201
	3,231,393	2,843,640

9 Taxation

The company is subject to United Kingdom corporation tax on the interest received from investments and on book and video royalties. The charge for the year represents UK Corporation Tax at 20% (2015: 20%) on this income.

As a mutual trading association, ITOPF is not liable to Corporation Tax on any surplus profit to the extent to which it arises directly from members' subscriptions. All other sources of income fall within the charge to Corporation Tax.

	2016	2015 (Restated)
	£	£
Current Corporation Tax charge for the year:		
Revenue deficit before tax	**(101,342)**	(234,649)
Expected tax charge at 20%	**(20,268)**	(46,930)
Deficit above, not subject to UK Corporation Tax	**25,168**	51,525
Current Corporation Tax charge for the year	**4,900**	4,595

10 Reserves

	2016	2015 (Restated)
	£	£
Revenue (deficit)/surplus brought forward	**(2,423,376)**	1,003,011
Revenue deficit for the year	**(106,242)**	(239,244)
Actuarial surplus/(loss) for the year (*Note 16*)	**1,625,326**	(3,187,143)
	(904,292)	(2,423,376)

11 Commitments

The minimum future lease rentals payable under non-cancellable operating leases for land and buildings are as follows:

	2016	2015 (Restated)
	£	£
Not later than 1 year	**242,000**	242,000
Within 2 to 5 years	**423,500**	665,500
	665,500	907,500

12 Property, plant and equipment

	Computer Equipment	Furniture & Fittings	Total
	£	£	£
Cost			
At beginning of year	580,686	384,231	964,917
Additions	55,051	2,496	57,547
At end of year	635,737	386,727	1,022,464
Depreciation			
At beginning of year	468,835	248,024	716,859
Charge for year	89,488	19,635	109,123
At end of year	558,323	267,659	825,982
Net book value			
At 20th February, 2016	**77,414**	**119,068**	**196,482**
At 20th February, 2015	111,851	136,207	248,058

For insurance purposes, on 14th July 2015, external valuers, Gurr-Johns, revalued ITOPF's Books and Manuscripts at £329,500 (2010: £331,600). This valuation was based on replacement in the retail or second hand market with items of a similar nature, age, condition and quality.

13 Stocks

Stocks represent the value of publications held in stock valued at the lower of cost and net realisable value.

14 Debtors

	2016	2015 (Restated)
	£	£
Trade debtors	**243,206**	99,659
Other debtors including VAT	**51,067**	102,794
Prepayments and accrued income	**278,287**	328,545
	572,560	530,998

15 Creditors: amounts falling due within one year

	2016	2015 (Restated)
	£	£
Trade creditors	**119,447**	42,955
Other taxes and social security	**79,284**	-
Other creditors	**16,803**	-
Corporation Tax	**4,900**	4,595
Accruals and deferred income	**406,887**	436,321
	627,321	483,871

16 Pensions

The company operates a funded defined benefit pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company.

The contributions are determined by a qualified actuary on the basis of actuarial valuations. The most recent full actuarial valuation, as at 1st January 2014, showed that on an ongoing basis the value of the scheme liabilities was £14,242,153 allowing for projected future earnings increases, and the market value of the scheme's assets was £15,128,656. The market value of the assets represents 106% of the accrued liabilities.

The principal assumptions used in the valuation were that the investment returns will match salary inflation and will exceed future pension increases by 2.2% per annum for benefits accrued after 5th April 1997, and 2.7% for benefits accrued before 6th April 1997. The Projected Unit Method was used to determine the value of the liabilities and the Standard Contribution Rate.

The most recent actuarial valuation of the scheme on FRS102 assumptions was carried out on 20th February, 2016 by an independent actuary. The fair value of the scheme's assets valued as at this date was £18,450,293 (2015: £18,366,159), which is not intended to be realised in the short term and may be subject to significant change before being realised. The present value of the scheme's liabilities on the same date was £21,390,112 (2015: £22,440,786), which was derived from cash flow projections over long periods and is thus inherently uncertain. The result of these valuations gave rise to a net pension liability of £2,939,819 (2015: net pension liability £4,074,627).

The major assumptions used by the actuary were:

	At 20.02.16	At 20.02.15
Discount rate	3.9%	3.5%
Aggregate long-term expected rate of return on assets	3.9%	3.5%
Rate of increase in salaries	4.7%	4.8%
Inflation assumption RPI	3.2%	3.3%
Inflation assumption CPI	2.2%	2.3%
Rate of increase in pensions in payment (Limited Price Indexation)	3.1%	3.2%

Expected contributions paid during the period following disclosure date:

	£
Expected contributions paid during the period following the disclosure date (i.e. 21st February, 2016 – 20th February, 2017)	550,000

The aggregate assets of the defined benefit scheme are comprised as follows:

	2016 %	2015 %
Equities	-	43.8
Bonds	32.4	40.8
GARS	34.0	13.6
Cash	1.7	1.4
Insured liability	0.3	0.4
Liability driven investments	31.6	0.0
	100.0	100.0

Reconciliation of the opening and closing balances of the fair value of assets:

	2016 £
Fair value of scheme assets at beginning of period	18,366,159
Interest income	648,139
Return on scheme assets (excluding interest income)	(849,398)
Contributions (Employer)	538,323
Contributions (Employee)	80,048
Benefits paid	(332,978)
Fair value of scheme assets at end of period	18,450,293

Actual return on scheme assets:

	2016 £	2015 £
Actual return on scheme assets	(201,259)	2,372,616

Net defined benefit pension scheme liability:

	2016
	£
Defined benefit obligation at beginning of period	(4,074,627)
Actuarial gain for the year	1,625,326
Current service cost	(896,957)
Finance cost	(131,884)
Contribution paid	538,323
	(2,939,819)

Total expense recognised in the income statement:

	2016	2015 (Restated)
	£	£
Current service cost	896,957	600,201
Interest cost	780,023	782,785
Interest income	(648,139)	(718,523)
Total profit and loss charge	1,028,841	664,463

Total amounts recognised in other comprehensive income

	2016	2015 (Restated)
	£	£
Actuarial gain/(loss) on scheme liability	2,474,724	(4,841,236)
Actuarial (loss)/gain on scheme assets	(849,398)	1,654,093
Actuarial gain/(loss) for the period	1,625,326	(3,187,143)

17 Adoption of FRS 102

The adoption of FRS 102 has resulted in changes to the company's accounting policies and measurement bases for the defined benefit pension scheme operated for the benefit of the staff and to the recognition of short term employee benefits.

Defined benefit pension scheme

In accordance with previous UK GAAP the net interest charge or credit associated with the defined benefit pension scheme was measured as: the interest cost arising from the unwinding of the discounting applied to the scheme liabilities less the expected return on the scheme assets.

Under FRS 102, the interest credit arising on the scheme assets is determined by multiplying the fair value of the assets by the discount factor used in determining the present value of the liabilities rather than the expected return on the assets as noted above.

For 2015 the adoption of FRS 102 has thus lead to an increase in the deficit after taxation of £131,210 and a reduction in the actuarial loss recognised in other comprehensive income of £131,210. This adjustment to the 2015 figures had no impact on the opening accumulated deficit at either 21st February 2014 or 2015.

Short term employee benefits
In accordance with previous UK GAAP no liability was recognised in the financial statements in relation to the accrued annual leave and time off in lieu due to employees at each year end.

Under FRS 102, a liability for the amounts which would be due to employees should they, for instance, leave the company's employment will be recognised with a corresponding charge to the income statement. The liability and the charge recognised will however reverse as the balances accrued are utilised by employees over time.

For 2015 the adoption of FRS 102 has led to the recognition of a liability of £113,367 as at 21st February 2014 and £130,941 as at 20th February 2015 and a corresponding charge in the income statement of £17,574. The recognition of the liability and charge has resulted in a commensurate increase to the accumulated deficit at both 21st February 2014 and 2015.

18 Reconciliation of equity

At 21st February, 2014

	Previous UK GAAP	Effect of Transition	FRS 102
	£	£	£
Tangible assets	219,928	-	219,298
Stocks	6,977	-	6,977
Debtors	671,276	-	671,276
Cash at bank and in hand	1,563,212	-	1,563,212
Total assets	2,460,763	-	2,460,763
Creditors	(584,252)	(113,367)	(697,619)
Pension liability	(760,133)	-	(760,133)
Total liabilities	(1,344,385)	(113,367)	(1,457,752)
Accumulated (surplus)/deficit	1,116,378	(113,367)	1,003,011

At 21st February, 2015

	Previous UK GAAP £	Effect of Transition £	FRS 102 £
Tangible assets	248,058	-	248,058
Stocks	9,904	-	9,904
Debtors	530,998	-	530,998
Cash at bank and in hand	1,346,162	-	1,346,162
Total assets	2,135,122	-	2,135,122
Creditors	(352,930)	(130,941)	(483,871)
Pension liability	(4,074,627)	-	(4,074,627)
Total liabilities	(4,427,557)	(130,941)	(4,558,498)
Accumulated (surplus)/deficit	(2,292,435)	(130,941)	(2,423,376)

19 Reconciliation of profit or loss for the period ended 20th February, 2015

	Previous UK GAAP £	Effect of Transition £	FRS 102 £
Turnover	4,745,634	-	4,745,634
Administrative expenses	(4,911,604)	(17,574)	(4,929,178)
Net interest and similar income and charges	80,105	(131,210)	(51,105)
Taxation	(4,595)	-	(4,595)
Revenue deficit on ordinary activities after taxation	(90,460)	(148,784)	(239,244)

Annual General Meeting

The Annual General Meeting of The International Tanker Owners Pollution Federation Limited will be held at The Palace Downtown Dubai, Mohammed Bin Rashid Boulevard, Downtown Dubai, Dubai, UAE on 8th November, 2016 at 8:30am for the following purposes:

1. To receive the Accounts of the Federation for the financial year ended 20th February, 2016, and Reports of the Directors and of the Auditors.

2. To appoint Directors.

3. To reappoint the Auditors and authorise the Directors to fix the Auditor's remuneration.

By Order of the Board

P.G. MICHELMORE, OBE
Secretary
14th June, 2016

Registered Office:
1 Oliver's Yard
55 City Road
London EC1Y 1HQ
Registered in England No. 944863

Notes:

1. A corporation which is a Member of the Federation may by resolution of its directors or other governing body authorise such person as it thinks fit to act as the representative of such corporation at the Meeting.

2. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and, on a poll, vote instead of him. A proxy must be a duly authorised representative of a Member.

THE INTERNATIONAL TANKER OWNERS POLLUTION FEDERATION LIMITED

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