



THE INTERNATIONAL TANKER OWNERS POLLUTION FEDERATION LIMITED

REVIEW²⁰⁰⁷

INCORPORATING 2007 DIRECTORS' REPORT
AND ACCOUNTS



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Chairman's Statement



Bjorn Moller, ITOPF's new Chairman

Having been appointed as Chairman of ITOPF in December 2006, it is my honour to present the Federation's Report and Accounts for the first time. For the Federation, these are the 38th such statutory Report and Accounts and cover the year ended 20th February 2007. It is an appropriate time to reflect on how the organisation has developed, to review current commitments and to consider future demands and opportunities.

I should like to begin by paying tribute to my predecessor, Dr. Helmut Sohmen, who served on the Board of ITOPF for 20 years and for the last five years as Chairman. His commitment to the organisation and support for its staff were generous and unwavering. The Federation prospered under his strong leadership and his encouragement to form partnerships as a means of extending ITOPF's reach in promoting more effective spill response capabilities. Perhaps the best example of the success of this approach is the Federation's strategy over several years to improve its own capability for responding to chemical spills. This important activity has allowed ITOPF to build its capacity in concert with developments in both the private and public sectors, notably the International Oil Pollution Compensation (IOPC) Funds.

Forty years on from the TORREY CANYON incident the world is a very different place. The patchwork of industry initiatives and international legal instruments spawned by the mother of all oil spills has tamed the relentless cycle of tanker casualties. Oil spills from ships still happen, but they are smaller and of the 22 spills attended by ITOPF staff during the year under review, 15 were from non-tankers. Many of our industry's organisations, including ITOPF, which are also approaching their 40th birthdays, are increasingly focusing on emerging issues which are becoming relatively more prominent, notably air pollution. For ITOPF the challenge lies in continuing to provide a service to ship owners, their insurers and the wider community which is relevant to the needs of today.

Emergency spill response remains our core activity, but training, education and planning come a close second. For example, an ambitious filming project which we started during the year will serve as a versatile educational tool, drawing on our experience gained at the scene of pollution incidents. Looking ahead, we are now well placed to respond to chemical spills and the MSC NAPOLI incident serves to remind us of the scale and complexity of problems posed by the loss of even a medium-sized container vessel laden with an almost infinite variety of goods, including hazardous and noxious substances.

Whilst the emerging issues such as climate change facing the maritime industry are as daunting as major oil spills once were, the response mechanisms in place are now far better and the resources available far greater than in 1967. Clearly there is much yet to be done, but the 40th anniversary of TORREY CANYON is an occasion to celebrate the achievements of the government-industry partnership which has proved so successful and which remains our best chance for future advances in all aspects of environmental protection.



MSC NAPOLI beached off the Devon coast, UK

INCIDENTS ATTENDED ON-SITE BY ITOPF STAFF IN THE 12 MONTHS TO 20TH FEBRUARY, 2007

Date	Ship name	Size (GT)	Country
2006			
26th February	GRIGOROUSSA I	52,997	Egypt
9th March	RIGA SAILOR*	10,103	Greece
9th April	TITAN MERCURY	144,139	Saudi Arabia
13th April	EASTERN CHALLENGER*	6,182	Japan
22th April	HYUNDAI INDEPENDENCE*	64,054	P R China
30th May	OCEAN SERAYA*	38,906	India
10th July	EASLINE TIANJIN*	10,649	South Korea
11th August	SOLAR 1	998	Philippines
18th August	CMA CGM AEGEAN*	30,280	Ukraine
14th September	KEW BRIDGE	12,240	India
20th September	ANNA PC	77,045	Egypt
24th October	ROKIA DELMAS*	32,294	France
10th December	COBALT WATER	3,600	Ireland
24th December	TZINI*	23,272	Taiwan
2007			
12th January	SERVER*	19,864	Norway
15th January	GOLDEN SKY*	15,786	Latvia
18th January	CMA CGM CLAUDEL*	27,093	Netherlands
20th January	MSC NAPOLI*	53,409	UK
26th January	JIN YING*	3,998	South Korea
28th January	SIERRA NAVA*	4,660	Spain
30th January	WESERSTERN	6,441	Estonia
17th February	SA HELDERBERG*	52,615	Malaysia

* Non-tank vessel

Spill Attendance

The spill response work in the year under review continued at a similar level to previous years and the shifting balance towards more non-tanker incidents was also maintained. January 2007 was a busy month when high winds in northern Europe caused problems, particularly for high-sided vessels such as container ships and ships in ballast. It is testament to the skill and dedication of search-and-rescue crews in many countries that in this flurry of incidents, some involving the total loss of the ship, no lives were lost.

The sinking of SOLAR 1 with a full cargo of Heavy Fuel Oil created relatively little shoreline contamination but had a substantial impact on subsistence fishing. This was the first incident in which the provisions of the so-called Small Tankers Oil Pollution Indemnification Agreement



Aquaculture facilities,
Philippines



Filming at the scene of the SERVER incident, Norway



Manual removal of oiled sand, Egypt



Oil pollution in a shallow sandy bay, Egypt

(STOPIA) were applied. Under the terms of this voluntary agreement, the applicable limitation amount for the SOLAR 1 incident was raised to 20 million Special Drawing Rights (SDR). Also significant was the decision taken to remove oil remaining in the sunken wreck which was lying at a depth of some 600 metres, but at a location sufficiently close to coastlines to create a significant potential threat. ITOPF staff were closely involved in providing technical advice on different aspects of this complex case.

Education and Advisory Work

With events in Oslo, Copenhagen and Piraeus, ITOPF has continued its series of seminars for the purpose of strengthening our working relationship with the P&I Clubs which provide insurance for the ships of the Federation's Members and Associates.

In the Chairman's Report for the previous year, the focus on the increasing incidence of spills in Chinese waters was explained. The risk of collisions and groundings in the region has increased in direct proportion to the growth in maritime trade. In the interest of promoting an effective response to pollution incidents, consistent with the international conventions, ITOPF was pleased to accept an invitation from China Maritime Safety Administration to participate in a five-day training course in Shanghai in December 2006.

In the same vein, it is encouraging to note that great advances have been made during the year by the Turkish authorities in collaboration with International Maritime Organization (IMO), IOPC Funds and industry organisations in raising awareness of the need to improve spill preparedness and response capabilities in the Black Sea region and Turkish Straits. ITOPF is actively involved in this effort which has the potential to pay significant dividends in the event of a spill in what is widely acknowledged to be a high risk area.

As in previous years, an International Seminar was held in conjunction with the meetings of the Board of Directors in Dubai in December 2006. About 120 people attended from the Gulf region, mainly representatives of ship owners, operators, brokers and others connected with the maritime sector.

The former Chairman of ITOPF, Dr. Helmut Sohmen, hosted a Dinner in London on 5th October 2006 in honour of Mr. Måns Jacobsson, Director of the IOPC Funds for 22 years, who retired in December 2006. Some 70 guests from the maritime world attended, including Mr. Efthimiou Mitropoulos, Secretary General of IMO and Mr. Willem Oosterveen, the new Director of the IOPC Funds.

Entered Tonnage

As at 20th February, 2007 the Membership tanker tonnage stood at 239 million GT, as compared with 234 million GT the previous year. The Associate tonnage was 402 million GT, compared with 382 million GT the preceding year. The dues set during the year under review were 0.64 of a UK penny per GT of Member tonnage, and 0.26 of a UK penny per GT of Associate tonnage. This maintained the 60/40 split between income from Members and Associates respectively, as agreed by the Board at its meeting on 1st December 2003.

Board of Directors

As reflected in the Directors' Report, four directors retired during the course of the year: Mr. Y. Kanda, Mr. R.A. Malone, Dr. H. Sohmen and Mr. P.A. Wogan. I appreciate their commitment to the work of ITOPF and thank them and the remaining directors for their contributions. In addition to me, Messrs D.A.J. Baldry, J.H. Pettersen and E. Sugiyama joined the Board and were appointed as Directors on 5th December, 2006.

A single meeting of the Board and two meetings of the Advisory Committee were held during 2006. On becoming Chairman of ITOPF, I succeeded Dr. H. Sohmen as Chairman of the Advisory Committee. Mr. C.G. Bastis and Mr. D. Jacobsohn were appointed to fill the two remaining vacancies on the Advisory Committee following retirements in the preceding year.

Management and Staff

The staff changes during the year involved three new appointments and three internal promotions. The manning and the structure of the organisation has thereby been strengthened and aligned to meet the needs of our Members and Associates. Dr. Brian Dicks retired in August 2006 after almost 19 years at ITOPF during which time he attended 62 spills in over 30 countries, including such milestone cases as the EXXON VALDEZ, BRAER and ERIKA. Dr. Dicks is a highly respected marine biologist and his contribution to the Federation and to the cause of environmental protection is greatly appreciated.

The staff of the Federation, under the excellent leadership of our Managing Director, Dr. Tosh Moller, have made a great contribution during the year. They successfully met the challenge, common to all emergency response organisations, of balancing and delivering on the many demands on the organisation, all of which tend to be either urgent or important and often both. In the short time since my appointment I have been impressed with the considerable abilities and established commitment of the ITOPF team. I embark on the next year of our shared endeavour with confidence.



BJORN MOLLER
Chairman



SIERRA NAVA aground off the coast of Algeciras, Spain



Beach clean-up, Spain



Fish market, Taiwan

Directors' Report

for the year ended 20th February, 2007

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 oil spills from ships, 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, 2007, which show an excess of income over expenditure (after tax) of £686,966. The revenue surplus carried forward amounts to £951,567. During the year the Federation made a charitable donation of £2,000 to The Mission to Seafarers and Sea Alarm; £500 for the protection of wildlife (2006: Nil).

The Directors of the Federation as at 20th February, 2007 were:

B. Moller (Chairman)	T.H. Moller (Managing Director)	
A.S. Arcadier	P.J. Goulandris	J.H. Pettersen
D.A.J. Baldry	D. Jacobsohn	N.H. Schües
C.G. Bastis	W.E. Jenkins	S. Skou
N.J.P. Carden	S.B. K'aki	E. Sugiyama
M.L. Carthew	D.C.C. Koo	M. Tamiya
K.V. Eskilsson	J.M. Kopernicki	Y. Umeda
O.H. Fritzner	C. Kurz II	C.P. Williams

During the year the following resigned as Directors on the dates shown:

Y. Kanda	30th June, 2006
R.A. Malone	25th July, 2006
H. Sohmen	5th December, 2006
P.A. Wogan	5th December, 2006

Dr. H. Sohmen retired as Chairman on 5th December, 2006, after five years in that office. His successor as Chairman is Mr. B. Moller.

Messrs D.A.J. Baldry, B. Moller, J.H. Pettersen and E. Sugiyama, who were appointed as Directors on 5th December, 2006, 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 N.J.P. Carden, W.E. Jenkins, C. Kurz II, S. Skou, Y. Umeda and C.P. Williams. The retiring Directors, being eligible, will offer themselves for reappointment.

Directors' Confirmation

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

- so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- 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 company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By Order of the Board
P.G. MICHELMORE
Secretary
4th June 2007

Statement of Directors' Responsibilities

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect 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 Limited for the year ended 20th February 2007 set out on pages 9 to 18. These financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2005).

This report is made solely to the company's members as a body, in accordance with Section 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to smaller entities, of the state of the company's affairs as at 20th February 2007 and of its surplus for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

MOORE STEPHENS LLP

Registered Auditor

Chartered Accountants

St. Paul's House, London EC4M 7BP

27th July 2007

Profit and loss account for the year ended 20th February, 2007

	Note	2007 £	2006 £ (Restated)
Turnover	4	3,517,745	3,399,939
Administrative expenses		<u>(2,902,421)</u>	<u>(2,608,830)</u>
Operating surplus		615,324	791,109
Interest receivable and similar income	5	<u>87,383</u>	<u>15,159</u>
Revenue surplus on ordinary activities before taxation	6	702,707	806,268
Taxation	9	<u>(15,741)</u>	<u>(16,797)</u>
Revenue surplus on ordinary activities after taxation		686,966	789,471
Revenue surplus brought forward	10	<u>(410,952)</u>	<u>1,626,110</u>
Revenue surplus carried forward		<u><u>951,567</u></u>	<u><u>(410,952)</u></u>

Statement of total recognised gains and losses for the year ended 20th February, 2007

	Note	2007 £	2006 £
Revenue surplus for the year		686,966	789,471
Actuarial gain/(loss) on the pension scheme	16	<u>675,553</u>	<u>(273,500)</u>
Total gains and losses for the year		1,362,519	<u>515,971</u>
Prior year adjustment	3	<u>(2,898,677)</u>	
Total gains and losses recognised since last annual report		<u><u>(1,536,158)</u></u>	

Balance Sheet

at 20th February, 2007

	Note	2007	2006
		£	£
			(Restated)
Fixed assets			
Tangible assets	12	<u>232,405</u>	<u>248,475</u>
		232,405	248,475
Current assets			
Stocks	13	3,249	5,408
Debtors	14	342,469	305,904
Cash at bank and in hand		<u>1,411,821</u>	<u>1,151,647</u>
		1,757,539	1,462,959
Creditors: amounts falling due within one year	15	<u>(397,187)</u>	<u>(444,062)</u>
Net current assets		<u>1,360,352</u>	<u>1,018,897</u>
Total assets less current liabilities		<u>1,592,757</u>	<u>1,267,372</u>
Pension liability	16	<u>(641,190)</u>	<u>(1,678,324)</u>
Total assets less pension liability		<u>951,567</u>	<u>(410,952)</u>
Accumulated revenue surplus		<u>951,567</u>	<u>(410,952)</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2005).

These financial statements were approved by the Board of Directors on 4th June, 2007 and were signed on its behalf by:

MR. C.P. WILLIAMS
Director

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, 2007 there were 5,130 Members (2006: 4,853).

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 for Smaller Entities (effective January 2005) ('FRSSE').

Fixed assets and depreciation

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
Motor vehicles:	20% per annum on a reducing balance basis
Furniture and fittings:	15% per annum on a reducing balance basis

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

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.

Pension costs

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. Pension scheme assets are measured using market values. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability. Any increase in the present value of the liabilities of the defined benefit pension scheme expected to arise from employee service in the year is charged to operating surplus. The expected return on the schemes' assets and the increase during the year in the present value of the schemes' liabilities arising from the passage of time are included in investment income. Actuarial gains and losses are recognised in the statement of total recognised gains and losses. Pension scheme surpluses, to the extent that they are considered recoverable, or deficits, are recognised on the balance sheet.

Taxation

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date.

3 Prior year adjustment

For the company's accounting period ending 20th February 2007 onwards the FRSSE requires any surplus or deficit on a defined benefit pension scheme to be recognised on the balance sheet. This is a change in accounting policy and therefore must be accounted for as a prior year adjustment in the accounts for the year ended 20th February 2007. The comparative figures for 2006 have therefore been restated and the opening balance on reserves adjusted to take account of the change in policy. The effect on the result for the year ended 20th February 2006 was a reduction of £72,144. The effect of the opening reserves is as follows;

	£
Inclusion of the pension scheme liability on the balance sheet	1,678,324
Reversal of the prepaid pension contributions cancelled under the previous accounting treatment	<u>1,220,353</u>
	<u><u>2,898,677</u></u>

4 Analysis of turnover

Turnover represents Membership dues, Associate dues and cost recoveries for services rendered to third parties, net of value added tax.

	2007 £	2006 £
By activity		
Membership dues	2,078,486	1,958,387
Associate dues	1,382,603	1,344,864
Cost recoveries and other income	<u>56,656</u>	<u>96,688</u>
	<u><u>3,517,745</u></u>	<u><u>3,399,939</u></u>

5 Interest receivable and similar income

	2007 £	2006 £
Bank interest	90,693	89,338
Other interest	251	-
Net return on pension scheme (<i>note 16</i>)	<u>(3,561)</u>	<u>(74,179)</u>
	<u><u>87,383</u></u>	<u><u>15,159</u></u>

6 Revenue surplus on ordinary activities before taxation

	2007 £	2006 £
Revenue surplus on ordinary activities before taxation is stated after charging/(crediting):		
Auditor's remuneration – audit fees	6,750	6,750
Auditor's remuneration – other fees paid to the auditors and their associates for services	15,170	1,750
Depreciation of tangible fixed assets	82,592	75,558
Net loss/profit on disposal of tangible fixed assets	65	(241)
Property lease rentals payable	161,544	161,544

7 Remuneration of Directors

Excluding pension contributions, the emoluments of the Chairman were £nil (2006: £nil) and the emoluments of the highest paid Director were £115,934 (2006: £113,403); none of the other 21 Directors received any emoluments in respect of services rendered to the company (2006: £nil). One director (2006: one) is entitled to benefits under a defined benefit pension scheme. 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	
	2007	2006
Technical and information staff	15	15
Administration	9	9
	24	24

The aggregate payroll costs of these persons were as follows:

	2007 £	2006 £ (Restated*)
Wages and salaries	1,244,115	1,169,578
Social security costs	146,080	137,162
Pension costs (note 16)	416,003	345,441
	<u>1,806,198</u>	<u>1,652,181</u>

* Pension costs in 2006 of £347,476 have been restated to £345,441 to disclose costs on a comparable basis to 2007.

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 19% (2006: 19%) 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.

	2007 £	2006 £ (Restated*)
Current corporation tax charge for the year:		
Revenue surplus before tax	686,966	789,471
Expected tax charge at 19% (2006: 19%)	130,524	149,999
Surplus/(deficit) not subject to UK Corporation tax	115,116	133,405
	15,408	16,594
Overseas tax paid	-	-
Prior year adjustments	333	203
Current Corporation Tax charge for the year	15,741	16,797

* Following the restatement of the revenue surplus for 2006 the expected tax charge of £166,898 has also been restated to £149,999.

10 Reserves

	2007 £	2006 £
Revenue surplus brought forward	(410,952)	1,626,100
Prior year adjustment (<i>note 3</i>)	-	(2,898,677)
Restated revenue for the year	686,966	789,471
Actuarial gain/(loss) for the year	675,553	(273,500)
	<u>951,567</u>	<u>(410,952)</u>

11 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	2007 £	2006 £
Land & buildings		
Operating leases which expire in more than five years	182,211	182,211

On 20th November 2003 the Federation entered into an operating lease on the current premises. The first rent review date falls on 29th September, 2008.

12 Tangible fixed assets

	Computer Equipment £	Motor Vehicles £	Furniture & Fittings £	Total £
Cost				
At beginning of year	226,345	18,227	287,074	531,646
Additions	59,036	-	7,486	66,522
Disposals	(13,691)	-	(95)	(13,786)
At end of year	<u>271,690</u>	<u>18,227</u>	<u>294,465</u>	<u>584,382</u>
Depreciation				
At beginning of year	185,598	3,645	93,928	283,171
Charge for year	50,733	2,916	28,943	82,592
On disposals	(13,691)	-	(95)	(13,786)
At end of year	<u>222,640</u>	<u>6,561</u>	<u>122,776</u>	<u>351,977</u>
Net book value				
At 20th February, 2007	<u>49,050</u>	<u>11,666</u>	<u>171,689</u>	<u>232,405</u>
At 20th February, 2006	<u>40,747</u>	<u>14,582</u>	<u>193,146</u>	<u>248,475</u>

13 Stocks

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

14 Debtors

	2007 £	2006 £ (Restated*)
Trade debtors	132,094	144,787
Other debtors including VAT	46,934	27,392
Prepayments and accrued income	163,441	133,725
	<u>342,469</u>	<u>305,904</u>

* The change in the accounting treatment of the defined benefit pension scheme has meant the removal of prepaid pension contributions of £1,220,353 in 2006 reducing total debtors from £1,526,257 to £305,904 to disclose costs on a comparable basis to 2007.

Included in other debtors is an interest free loan due from T.H. Moller, a director of the company, of £4,162 (2006: £4,167). The maximum amount outstanding in the year was £4,540.

15 Creditors: amounts falling due within one year

	2007 £	2006 £
Trade creditors	32,393	57,423
Corporation tax	15,358	16,594
Accruals and deferred income	349,436	370,045
	<u>397,187</u>	<u>444,062</u>

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 2005, showed that on an ongoing basis the value of the scheme liabilities was £5,391,000 allowing for projected future earnings increases, and the actuarial value of the scheme's assets was £3,934,000. The actuarial value of the assets represents 73% of the accrued liabilities.

The principal assumptions used in the valuation were that the investment returns will exceed salary inflation by 1.5% per annum and future pension increases by 4% per annum. The Projected Unit Method was used to determine the liabilities in the year following the valuation date and thus the Standard Contribution Rate.

In order to remove the deficit in the scheme by the year ending 20th February 2007, the Federation's Board gave approval, on 7th December 2005, to fund the updated ongoing Scheme deficit of £1,457,000, by increasing the planned special contribution payment in the 2006 calendar year from £722,000 to £843,000 (2005: £722,000). As at 20th February 2007, the pension scheme deficit on an ongoing basis has been fully paid up.

The FRSSE for accounting years ending on or after 22nd June 2006 requires any surplus or deficit on a defined benefit pension scheme to be accounted for in full on the balance sheet. This accounting treatment is consistent with the requirements of FRS17 for larger companies and replaces the previous accounting treatment which was consistent with the requirements of SSAP24. The accounts for the year ending 20th February 2006 have been restated in accordance with the new requirements of the FRSSE for comparison purposes.

The fair value of the scheme's assets valued at 20th February 2007 was £8,437,734 (2006: £7,190,445), 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 £9,078,924 (2006: £8,868,769), 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 £641,190 (2006: £1,678,324).

The major assumptions used by the actuary were:

	At 20.02.07	At 20.02.06
Rate of increase in salaries	4.7%	4.5%
Rate of increase in pensions in payment (Limited Price Indexation)	3.2%	3.0%
Discount rate	5.2%	4.8%
Inflation assumption	3.2%	3.0%

The assets in the scheme and the expected rate of return:

	Long-term rate of return expected at 20.02.07	Value at 20.02.07 £	Long-term rate of return expected at 20.02.06	Value at 20.02.06 £
Equities	7.9%	4,686,229	7.6%	3,740,609
Bonds	4.8%	3,749,825	4.3%	2,875,659
Cash	4.8%	1,680	4.0%	574,177
Total market value of assets		<u>8,437,734</u>		<u>7,190,445</u>
Present value of scheme liabilities		<u>9,078,924</u>		<u>8,868,769</u>
Deficit in the scheme		<u>(641,190)</u>		<u>(1,678,324)</u>

Analysis of the amount charged to operating profit:

	2007 £	2006 £
Current service cost (employer part)	416,003	345,441
Past service cost	0	0
Any previously unrecognised surplus deducted from the past service costs	0	0
Gains and losses on any settlements or curtailments	0	0
Previously unrecognised surplus deducted from settlement or curtailment loss	0	0
Total operating charge	<u>416,003</u>	<u>345,441</u>

Analysis of the amount credited to other finance income:

	2007 £	2006 £
Expected return on pension scheme assets	430,907	311,072
Interest on pension scheme liabilities	<u>434,468</u>	<u>385,251</u>
Net return	<u>(3,561)</u>	<u>(74,179)</u>

Analysis of amount recognised in statement of total recognised gains and losses (STRGL):

	2007 £	2006 £
Actual return less expected return on pension scheme assets	130,743	826,547
Experience gains and losses arising on the scheme liabilities	20,426	(52,412)
Changes in assumptions underlying the present value of the scheme liabilities	<u>524,384</u>	<u>(1,047,636)</u>
Actuarial gain/(loss) recognised in STRGL	<u>675,553</u>	<u>(273,501)</u>

Movement in deficit during the year:

	2007 £	2006 £
Deficit in the scheme at beginning of the year	(1,678,324)	(2,236,753)
Current service cost	(416,003)	(345,441)
Contributions paid	781,145	1,251,549
Other finance cost	(3,561)	(74,179)
Actuarial gain/(loss)	<u>675,553</u>	<u>(273,500)</u>
Deficit in the scheme at the end of the year	<u><u>(641,190)</u></u>	<u><u>(1,678,324)</u></u>

History of experience gains and losses:

	2007 Total £000	2006 Total £000	2005 Total £000	2004 Total £000
Difference between the expected and actual return on scheme assets:				
Amount	131	827	130	282
Percentage of year end scheme assets	1.6%	11.5%	2.7%	6.7%
Experience gains and losses on scheme liabilities:				
Amount	20	52	0	46
Percentage of year end present value of scheme liabilities	0.2%	0.6%	0%	0.7%
Total amount recognised in statement of total recognised gains and losses:				
Amount	676	(274)	(151)	(27)
Percentage of year end present value of scheme liabilities	7.4%	(3.1%)	(2.1%)	(0.4%)

Annual General Meeting

The Annual General Meeting of The International Tanker Owners Pollution Federation Limited will be held at Four Seasons Hotel, 1300 Lamar Street, Houston, Texas, United States of America on 5th December, 2007 at 9:00 am for the following purposes:

- 1 To receive the Accounts of the Federation for the financial year ended 20th February, 2007, 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

Secretary

4th June, 2007

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**

1 Oliver's Yard, 55 City Road, London EC1Y 1HQ

Tel: +44 (0)20 7566 6999

Fax: +44 (0)20 7566 6950

24hr: +44 (0)7623 984 606

Email: central@itopf.com

Web: www.itopf.com