



THE INTERNATIONAL TANKER OWNERS POLLUTION FEDERATION LIMITED

REVIEW²⁰¹¹

INCORPORATING 2011 DIRECTORS' REPORT
AND ACCOUNTS



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COVER PHOTOGRAPH

Ice forming around moored boom

Chairman's Statement



*Bjorn Moller, ITOPF's
Chairman*

Two months into ITOPF's financial year, on 20th April 2010, the high profile oil spill in the Gulf of Mexico from the DEEPWATER HORIZON occurred and, once again, the world's attention turned to oil spills. Although the oil spill was from an offshore oil platform, the media used images of oiled shorelines and wildlife casualties from past tanker incidents. Thus, by assumed association, and as stricter legislation is being sought to avoid another such incident in the future, the shipping industry has found itself having to remind regulators of its improving safety trend, its preparedness to deal with oil spills and the appropriateness of compensation limits that apply to shipping. Thus far, our industry has held up under regulators' scrutiny. The shipping and insurance industry can be proud of their role in establishing a system that has stood the test of time.

While much attention has been given to the negative consequences of the DEEPWATER HORIZON incident, this serious event has, nonetheless, inspired innovative thinking and produced a multitude of new ideas for responding to oil spills at depth and far from shore. ITOPF's five-year Strategic Plan (2011–2015) was endorsed by the Board of Directors in November 2010 and, as the result of this strategic planning exercise, it was agreed that R&D should remain a high priority for ITOPF. The Plan identifies several objectives geared towards expanding knowledge on the fate and effects of oil and chemical spills in the marine environment, as well as on the techniques available to respond to spills effectively, especially in remote or ice-covered waters. ITOPF's Board of Directors also agreed to establish a R&D Fund that can be used to invest in specific R&D projects, studentships, professorships and the like.

Other strategic objectives of the Plan include the targeting of important areas for shipping, such as East Asia, especially as demand for ITOPF's services continues to grow in connection with the new regulations relating to the prevention and control of pollution from ships in China. As it is predicted that global energy demand will increase, necessitating greater amounts of oil to be transported by ships and the expansion of offshore oil and gas exploration, ITOPF's attention to the changing profile of oil pollution risks and the emergence of alternative sources of fuel is timely.

Technical Services

During the year in review, ITOPF attended seventeen new incidents, four of which involved tankers. The pattern of previous years continues with the oil most commonly spilt being fuel oil from bunker tanks, although two of the four tanker incidents resulted in the loss of crude oil cargo.

The incident involving the tanker, BUNGA KELANA 3, in May 2010 resulted in the largest oil spill of the year with the loss of approximately 2,500 tonnes of Bintulu crude oil following a collision with a bulk carrier in the Singapore Strait. Oil affected both Singapore and Malaysia and ITOPF Technical Advisers worked with government agencies in both countries to



*ITOPF is expanding its knowledge
of spills in ice*



*Cleaning pontoon structures at a
yacht club, Singapore*

INCIDENTS ATTENDED ON-SITE BY ITOPF STAFF IN THE 12 MONTHS TO 20TH FEBRUARY, 2011

Date	Incident name	Size (GT)	Location
2010			
25th February	ABUL KALAM AZAD*	51,793	Ras Gharib, Gulf of Suez, Egypt
3rd April	SHEN NENG 1	36,575	Douglas Shoal, Great Keppel Island Area, Australia
9th May	MSC TOMOKO	94,489	Shantou and Guangzhou, PR China
25th May	BUNGA KELANA 3*	57,017	Singapore Strait, Singapore
15th June	FU PING YUAN	2,634	Incheon, Republic of Korea
30th June	KOTA KADO	31,070	Off Lamma Island, Hong Kong
7th August	MSC CHITRA	33,113	Mumbai, India
31st August	TELLIER*	26,857	Marseille, France
19th September	GRANDE AMERICA	56,642	Southend on Sea, United Kingdom
8th October	YM URANUS*	4,829	50km off Ouessant, Northern France
8th November	DA TANG 18	35,886	Long Beach, California, United States of America
23rd November	TIGER SPRING	8,971	Off Calcutta, India
11th December	ANTONIS	25,935	Liverpool, United Kingdom
19th December	MSC PERLE	17,414	Haifa, Israel
2011			
28th January	MV GDANSK	34,837	Orinoco River, Venezuela
31st January	MSC RONIT	18,000	Caucedo, Dominican Republic
17th February	GODAFOSS	14,664	Fredrikstad, Norway

* Tank vessel

assist them with their response to the oil contamination.

Following the collision of the containership, MSC CHITRA, with a bulk carrier on the approach to Mumbai Port in August 2010, the loss of canisters of aluminium phosphide and other dangerous goods from containers that fell overboard presented a number of health and safety and logistical challenges for ITOPF and others involved in the response. In addition to the problems caused by the potential hazards from the cargo, some 600 tonnes of fuel oil were lost, subsequently contaminating several kilometres of shoreline, which included sensitive mangroves, a world heritage site, and a popular tourist area. This occurred just before an important religious festival that involved baptism in the waters off the contaminated coastline.

In the week before ITOPF's year-end in February 2011, the difficulties of locating and responding to oil spill in ice-covered waters was accentuated by the grounding of the container ship, GODAFOSS, off the coast of Norway. Due to safety concerns caused by the low temperatures and



Containers washed ashore following the grounding of a containership in Mumbai, India



Bags of oily waste awaiting collection from a spill site, Orinoco River, Venezuela



Cleaning oiled boom, Dominican Republic



Cold conditions made it necessary to heat recovered oil prior to transportation, Liverpool Docks, UK

hazardous working conditions, the authorities took the pragmatic decision to postpone the clean-up until after the thaw. Although difficult to determine at the time because of ice cover, it was subsequently estimated that approximately 100–120 tonnes of fuel oil were lost.

It is interesting to reflect on the trends apparent from ITOPF's attendance at incidents between 2000 and 2010. Of the 221 incidents attended during this period, one third involved tankers and two thirds of incidents from all ships occurred in the waters of Europe and Asia. Of the substances spilled, two thirds of all incidents involved bunker oil and 21 incidents involved Hazardous and Noxious Substances (HNS). This information is important when considering priorities for preparedness and response and reinforces the education and advisory objectives identified in ITOPF's Strategic Plan.

The importance of ITOPF's work, and the commitment of ship-owners and their insurers to supporting ITOPF, was recognised in June 2010 at the Sustainable Shipping Awards in London when ITOPF received the Ocean Environmental Protection Award. This award recognises the company or organisation that has made the most significant contribution to the reduction and prevention of pollution of the oceans by ships and covers areas such as oil pollution, ballast water treatment, and hull coatings. ITOPF's profile is further enhanced by its technical publications, which are highly regarded and help to ensure that ITOPF is viewed as an authority on best practice when responding to oil spills. To maintain their importance, work began in 2010 to produce a new set of Technical Information Papers (TIPs) and an updated version of the reference book 'Response to Marine Oil Spills', which is carried onboard ships. In addition, the Federation's IT and support staff have identified attractive and easy-to-read electronic formats for distributing the annual Handbook and Ocean Orbit and they will be researching other ways of making ITOPF's publications more accessible to a wider audience in the future.

Administrative Matters

As at 20th February 2011, the Membership tanker tonnage stood at 320 million GT, representing an increase of 5% compared with the previous year. The Associate tonnage was 536 million GT as at 10th October 2010, representing an increase of some 9% compared with last year. The dues set during the year under review were adjusted to 0.56 of a UK penny per GT of Member tonnage, and 0.34 of a UK penny per GT of Associate tonnage for the year 2011/12. This is set so as to provide an equal split between income from Members and Associates, as agreed by the Board at its meeting on 5th December 2007. A recent review of time and effort spent by the Federation's technical staff on incidents arising from Members and Associates confirms that this split remains appropriate.

A single meeting of the Board and two meetings of the Advisory Committee were held during 2010. As reflected in the Directors' Report, Mr A. Walker retired during the course of the year in review and I thank him for his contribution to the work of ITOPF. The following directors were appointed to the Board on 16th November 2010: Mr M. H. Ross

and Mr B. Sheth. Mr Ross is the Vice President of Operations within Chevron Shipping and brings experience of Downstream and Upstream operations. Mr Sheth is Deputy Chairman and Managing Director of The Great Eastern Shipping Company Ltd. and his contribution to the Board will provide an important view from Indian shipowners. On behalf of ITOPF, I welcome Mr Ross and Mr Sheth to our Board and express my appreciation for the commitment and continuing support of all of our directors.

As has been acknowledged on many occasions, ITOPF's staff is its greatest asset. This year, in particular, has been exceptionally demanding for ITOPF's technical staff, primarily as the result of increasingly complex issues arising from new and ongoing incidents and an increase in training commitments and activities designed to raise ITOPF's profile among its shipowners and governments. In spite of this heavy workload, the enthusiasm with which both the technical and administrative staff contributed to the five-year Strategic Plan and its implementation is to be commended. This Plan provides an excellent framework for achieving the strategic objectives of the Federation and ensuring that ITOPF remains at the forefront of expertise in effective response to marine oil and chemical spills.



BJORN MOLLER
Chairman



Dr Karen Purnell receiving the Ocean Environmental Protection Award at the Sustainable Shipping Awards 2010



ITOPF Technical Adviser inspecting oiled mangroves in Mumbai, India



A new set of Technical Information Papers (TIPs) will be available later this year

Directors' Report

for the year ended 20th February, 2011

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, 2011, which show an excess of income over expenditure (after tax) of £626,879 (2010: £973,180) plus a carried forward amount of £1,664,830 (2010: £1,277,714). During the year the Federation made a charitable donation of £1,000 to Mission to Seafarers (2010: £1,000 Macmillan Cancer Support).

The Directors of the Federation as at 20th February, 2011 were:

B. Moller (Chairman)	K. Purnell (Managing Director)	
M.S. Al-Gusaier	T. Kanai	M.H. Ross
C.G. Bastis	D.C.C Koo	N.H. Schües
N.J.P. Carden	J.M. Kopernicki	B. Sheth
B. Chiu	D.R. Kurz	S. Skou
S. Frank	M.F. Martecchini	H. Takahashi
P.J. Goulandris	H. Nagasawa	J. Ullman
D. Jacobsohn	E.A. Neto	C.P. Williams
W.E. Jenkins	D.J. Ridgway	

During the year Mr. A. Walker resigned as a Director on 23rd October, 2010. Since the year end Mr. J.M. Kopernicki resigned as a Director on 31st March, 2011.

Messrs. M. H. Ross and B. Sheth, who were appointed as Directors on 16th November, 2010, 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. S. Frank, P.J. Goulandris, T. Kanai, D.R. Kurz, E.A. Neto, D.J. Ridgway and J. Ullman. 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:

- (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

Secretary

The International Tanker Owners Pollution Federation Limited

Registered number 944863

10th June 2011

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, 2011 which are set out on pages 9 to 18. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 7, 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 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2011 and of its surplus 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 prepare the financial statements and Directors' Report in accordance with the small companies regime.

JOANNE HERNIMAN

Senior Statutory Auditor

For and on behalf of Moore Stephens LLP, Statutory Auditor

150 Aldersgate Street

London EC1A 4AB

16th June 2011

Profit and loss account for the year ended 20th February, 2011

	Note	2011 £	2010 £
Turnover	3	3,670,006	4,362,160
Administrative expenses		<u>(3,089,759)</u>	<u>(3,396,531)</u>
Operating surplus		580,247	965,629
Interest receivable and similar income	4	<u>48,145</u>	<u>9,767</u>
Revenue surplus on ordinary activities before taxation	5	628,392	975,396
Taxation	8	<u>(1,513)</u>	<u>(2,216)</u>
Revenue surplus on ordinary activities after taxation	9	<u><u>626,879</u></u>	<u><u>973,180</u></u>

Statement of total recognised gains and losses for the year ended 20th February, 2011

	Note	2011 £	2010 £
Revenue surplus for the year		626,879	973,180
Actuarial loss on the pension scheme	15	<u>(239,763)</u>	<u>(554,122)</u>
Total gains and losses for the year		<u><u>387,116</u></u>	<u><u>(419,058)</u></u>

Balance Sheet

at 20th February, 2011

	Note	2011	2010
		£	£
Fixed assets			
Tangible assets	11	<u>142,914</u>	<u>186,518</u>
		142,914	186,518
Current assets			
Stocks	12	673	696
Debtors	13	596,202	535,397
Cash at bank and in hand		<u>1,470,917</u>	<u>1,497,929</u>
		2,067,792	2,034,022
Creditors: amounts falling due within one year	14	<u>(491,340)</u>	<u>(458,341)</u>
Net current assets		<u>1,576,452</u>	<u>1,575,681</u>
Net assets excluding pension liability		<u>1,719,366</u>	<u>1,762,199</u>
Pension liability	15	<u>(54,536)</u>	<u>(484,485)</u>
Net assets including pension liability		<u>1,664,830</u>	<u>1,277,714</u>
Accumulated revenue surplus	9	<u>1,664,830</u>	<u>1,277,714</u>

These financial statements have been prepared in accordance with the small companies regime of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

These financial statements were approved by the Board of Directors on 10th June, 2011 and were signed on its behalf by:

COLIN 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, 2011 there were 6,276 Members (2010: 6,119).

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 April 2008) ('FRSSE').

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 is fixed by the Advisory Committee. Members' and Associates' dues are accounted for on an accruals basis.

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

Books, manuscripts, pictures and artwork are not depreciated.

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 scheme's assets and the increase during the year in the present value of the scheme's liabilities arising from the passage of time are included in interest receivable and similar 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.

3 Analysis of turnover

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

	2011 £	2010 £
By activity		
Membership dues	1,730,131	2,059,504
Associate dues	1,789,468	1,994,282
Cost recoveries and other income	150,407	308,374
	<u>3,670,006</u>	<u>4,362,160</u>

4 Interest receivable and similar income

	2011 £	2010 £
Bank interest	8,196	9,767
Net return on pension scheme (Note 15)	39,949	-
	<u>48,145</u>	<u>9,767</u>

5 Revenue surplus on ordinary activities before taxation

	2011 £	2010 £
Revenue surplus on ordinary activities before taxation is stated after charging/(crediting):		
Auditor's remuneration – audit fees	9,255	8,955
Auditor's remuneration – other fees paid to the auditors and their associates for services	2,311	2,298
Depreciation of tangible fixed assets	71,051	79,691
Net loss/(profit) on disposal of tangible fixed assets	2,210	(381)
Property lease rentals payable	174,531	174,531
Net return on pension scheme (Note 15)	(39,949)	122,022

6 Remuneration of Directors

Excluding pension contributions, the emoluments of the Chairman were £nil (2010: £nil) and the emoluments of the highest paid Director were £119,179 (2010: £112,174); none of the other 23 Directors received any emoluments in respect of services rendered to the company (2010: £nil). One director (2010: one) is entitled to benefits under a defined benefit pension scheme. No directors are entitled to benefits under defined contribution schemes.

7 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	
	2011	2010
Technical and information staff	18	17
Administration	9	9
	<u>27</u>	<u>26</u>

The aggregate payroll costs of these persons were as follows:

	2011	2010
	£	£
Wages and salaries	1,409,322	1,480,823
Social security costs	161,978	170,512
Pension costs (Note 15)	260,519	245,256
	<u>1,831,819</u>	<u>1,896,591</u>

8 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 21% 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.

	2011	2010
	£	£
Current corporation tax charge for the year:		
Revenue surplus before tax	<u>628,392</u>	<u>975,395</u>
Expected tax charge at 21%	131,962	204,833
Deficit not subject to UK corporation tax	<u>(130,449)</u>	<u>(202,617)</u>
Current corporation tax charge for the year	<u>1,513</u>	<u>2,216</u>

9 Reserves

	2011 £	2010 £
Revenue surplus brought forward	1,277,714	858,656
Revenue surplus for the year	626,879	973,180
Actuarial loss for the year (Note 15)	(239,763)	(554,122)
	<u>1,664,830</u>	<u>1,277,714</u>

10 Commitments

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

	2011 £	2010 £
Land & buildings		
Operating leases which expire: in two to five years	230,237	230,237

On 20th November 2003 the Federation entered into an operating lease on the current premises. The next lease break clause review date falls on 28th September, 2013.

11 Tangible fixed assets

	Computer Equipment £	Motor Vehicles £	Furniture & Fittings £	Total £
Cost				
At beginning of year	346,611	25,000	292,414	664,025
Additions	41,769	-	4,498	46,267
Disposals	(4,392)	(25,000)	(59)	(29,451)
	<u>383,988</u>	<u>0</u>	<u>296,853</u>	<u>680,841</u>
Depreciation				
At beginning of year	289,733	5,986	181,788	477,507
Charge for year	54,700	281	16,070	71,051
On disposals	(4,338)	(6,267)	(26)	(10,631)
	<u>340,095</u>	<u>0</u>	<u>197,832</u>	<u>537,927</u>
Net book value				
At 20th February, 2011	<u>43,893</u>	<u>0</u>	<u>99,021</u>	<u>142,914</u>
At 20th February, 2010	<u>56,878</u>	<u>19,014</u>	<u>110,626</u>	<u>186,518</u>

For insurance purposes, on 8th December, 2010, external valuers, Gurr-Johns, valued ITOFF's Books and Manuscripts at £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.

12 Stocks

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

13 Debtors

	2011 £	2010 £
Trade debtors	76,585	149,356
Other debtors including VAT	205,691	78,281
Prepayments and accrued income	313,926	307,760
	<u>596,202</u>	<u>535,397</u>

Included in other debtors is an amount of £167,342 (2010: £39,021) due from the pension scheme. The amount is interest free, unsecured and repayable on demand.

14 Creditors: amounts falling due within one year

	2011 £	2010 £
Trade creditors	122,469	113,487
Corporation tax	1,513	2,216
Other taxes and social security	66,558	57,855
Accruals and deferred income	300,800	284,783
	<u>491,340</u>	<u>458,341</u>

15 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 2008, showed that on an ongoing basis the value of the scheme liabilities was £9,916,029 allowing for projected future earnings increases, and the market value of the scheme's assets was £8,428,548. The market value of the assets represents 85% of the accrued liabilities.

The principal assumptions used in the valuation were that the investment returns will exceed salary inflation by 0.3% per annum and future pension increases by 2.3% 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, the Federation's Board gave approval, on 12th November, 2008, to fund the updated ongoing scheme deficit of £1,487,481, over a three year accounting period through three special contribution payments of £544,000 per year to clear the deficit by 20th February, 2012.

The most recent actuarial valuation of the scheme has been updated to 20th February, 2011 by a qualified independent actuary. The fair value of the scheme's assets valued as at this date was £11,718,751 (2010: £9,852,967), 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 £11,773,287 (2010: £10,337,452), 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 £54,536 (2010: net pension liability £484,485).

The major assumptions used by the actuary were:

	At 20.02.11	At 20.02.10	At 20.02.09
Discount rate	5.6%	5.9%	6.6%
Aggregate long-term expected rate of return on assets	6.3%	6.4%	5.2%
Rate of increase in salaries	4.9%	5.0%	4.4%
Inflation assumption	3.4%	3.5%	2.9%
Rate of increase in pensions in payment (Limited Price Indexation)	3.4%	3.5%	2.8%

Description of basis used to determine overall expected rate of return on assets:

Bonds:	Market rates, i.e. gross redemption yield on assets of similar duration and credit risk.
Gilts:	Market rates, i.e. gross redemption yield on assets of similar duration.
Equities:	Risk free rate plus risk premium. The risk free rate was taken as the gross redemption yield on the FTSE Actuaries Government Gilts (Over 15 Year) index at the disclosure date. The risk premium was taken as 3.0% per annum.
GARS:	Global Absolute Return Strategies; Return on LIBOR (six month rate) plus 4.3%
Cash:	Bank of England Base rate at the disclosure date

Expected contributions paid during the period following disclosure date:

	£
Expected contributions paid during the period following the disclosure date (i.e. 21st February 2011 – 20th February 2012)	910,000

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

	Long-term rate of return expected at 20.02.11	Value at 20.02.11	Long-term rate of return expected at 20.02.10	Value at 20.02.10	Long-term rate of return expected at 20.02.09	Value at 20.02.09
		£		£		£
Equities	7.5%	5,744,094	7.7%	4,435,531	7.2%	2,864,533
Bonds	5.1%	4,348,979	5.3%	3,922,310	4.2%	4,073,585
GARS	5.4%	1,567,163	5.0%	1,441,756	-	-
Cash	0.5%	270	3.5%	748	0.75%	444,283
Insured liability	5.6%	58,245	5.9%	52,622	6.6%	49,863
Total market value of assets		<u>11,718,751</u>		<u>9,852,967</u>		<u>7,432,264</u>

Reconciliation of the opening and closing balances of scheme liabilities:

	2011 £	2010 £
Present value of scheme liabilities at beginning of period	10,337,452	8,067,760
Current service cost (Employer)	260,519	245,256
Interest cost	603,067	523,695
Employee contributions	53,070	57,994
Actuarial loss on scheme liability assumption changes	1,305,512	2,144,572
Actuarial gain on scheme liability experience	(237,418)	(186,274)
Benefits paid	<u>(548,915)</u>	<u>(515,551)</u>
Present value of scheme liability at end of period	<u>11,773,287</u>	<u>10,337,452</u>

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

	2011 £	2010 £
Fair value of scheme assets at beginning of period	9,852,967	7,432,264
Expected return on plan assets	643,016	401,673
Actuarial gain on scheme assets	828,331	1,404,176
Contributions (Employer)	890,282	1,072,411
Contributions (Employee)	53,070	57,994
Benefits paid	<u>(548,915)</u>	<u>(515,551)</u>
Fair value of scheme assets at end of period	<u>11,718,751</u>	<u>9,852,967</u>

Actual return on scheme assets:

	2011 £	2010 £
Actual return on scheme assets	1,471,347	1,805,849

Reconciliation of the present value of scheme liabilities and fair value of assets to the asset and liability recognised in the balance sheet:

	2011 £	2010 £
Fair value of plan assets	11,718,751	9,852,967
Value of liabilities (defined benefit obligation)	<u>(11,773,287)</u>	<u>(10,337,452)</u>
Recognised pension plan liability	<u>(54,536)</u>	<u>(484,485)</u>

Total expense recognised in profit or loss:

	2011 £	2010 £
Current service cost	260,519	245,256
Interest cost	603,067	523,695
Expected return on scheme assets	<u>(643,016)</u>	<u>(401,673)</u>
Total profit and loss charge	<u>220,570</u>	<u>367,278</u>

Total amounts recognised in the statement of total recognised gains and losses ('STRGL'):

	2011 £	2010 £
Cumulative STRGL (losses)/gains at beginning of period	(70,011)	484,111
Actuarial loss on scheme liability assumption changes	(1,305,512)	(2,144,572)
Actuarial gain on scheme liability experience	237,418	186,274
Actuarial gain on scheme assets	<u>828,331</u>	<u>1,404,176</u>
Cumulative STRGL loss at end of period	<u>(309,774)</u>	<u>(70,011)</u>

Movement in surplus during the year:

	2011 £	2010 £
Pension scheme liability at beginning of the year	(484,485)	(635,496)
Profit and loss charge	(220,570)	(367,278)
STRGL losses	(239,763)	(554,122)
Employer contributions	<u>890,282</u>	<u>1,072,411</u>
Pension scheme liability at the end of the period	<u>(54,536)</u>	<u>(484,485)</u>

Amounts for current and previous four periods:

	2011 £000	2010 £000	2009 £000	2008 £000	2007 £000
Present value of scheme liabilities	11,773	10,337	8,068	8,103	9,079
Fair value of scheme assets	11,719	9,853	7,432	8,381	8,437
(Deficit)/surplus	(54)	(484)	(636)	278	(642)
Experience adjustment on scheme liabilities	237	186	(51)	108	20
Experience adjustment on scheme assets	828	1,404	(2,011)	(705)	131

Annual General Meeting

The Annual General Meeting of The International Tanker Owners Pollution Federation Limited will be held at the Grand Hyatt, Beijing, 1 East Chang An Avenue, Beijing, People's Republic of China, on 16th November, 2011 at 9.00am for the following purposes:

- 1 To receive the Accounts of the Federation for the financial year ended 20th February, 2011, 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

10th June, 2011

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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