



THE INTERNATIONAL TANKER OWNERS POLLUTION FEDERATION LIMITED

REVIEW²⁰¹⁰

INCORPORATING 2010 DIRECTORS' REPORT
AND ACCOUNTS



Contents

Chairman's Statement	2
Directors' Report	6
Statement of Directors' Responsibilities	7
Auditor's Report	8
Accounts	9
Notes to the Financial Statements	11
Annual General Meeting	19



COVER PHOTOGRAPH

*Collection of oily waste,
southern Madagascar*

Chairman's Statement



*Bjorn Moller, ITOPF's
Chairman*

ITOPF first began collating information on accidental spills from tankers in 1970 and it is fitting that, on approaching its 40th anniversary, ITOPF's statistics database highlights no major oil spills from tankers and no spills of crude oil during 2009. This is an exceptional achievement given that the world shipment of crude oil by tankers is around 2 billion tonnes. It is rewarding to see the efforts of the shipping industry and governments to create a safer framework for transporting the fuel needed by nations across the globe pay dividends. Nevertheless, the collision between a tanker and barge in Texas and the rig blow-out in the Timor Sea (both of which occurred in early 2010 prior to the February 20th financial year-end) serve to highlight the unpredictable nature of spills and the importance of retaining expertise in oil spill response.

The investment that Members and Associates of the Federation have made to ensure that a team of experts is available 'around the clock' is to be commended. The mechanism of funding ensures that costs are spread over the entire shipping and P&I insurance industry and allows ITOPF the freedom to pursue activities of greatest merit, without the need to seek reimbursement of costs. This is especially important when ITOPF is asked to provide training to organisations in countries having a high risk of spills but without the means to pay for this expertise. By supporting ITOPF in this way shipowners and their insurers demonstrate their commitment to improving preparedness and response to spills in co-operation with governments.

Co-operation has also been evident during the drafting and debate of the Protocol to the HNS Convention, thereby providing a solution that is intended to pave the way towards entry-into-force of this important Convention. Should IMO Member States agree that the Protocol effectively addresses the key issues that have deterred widespread ratification, this Convention will complete the suite of compensation Conventions covering oil and chemical spills from ships. Reinforcing the value of hands-on experience of HNS incidents, ITOPF's advice has been sought in relation to several HNS and non-oil related incidents in the past year and we anticipate a growing demand for this service on behalf of our Members and Associates.

With the shipping industry's focus at the moment on the economy, piracy and reduction of emissions, ITOPF's focus will remain on delivering its core services in order to provide the reassurance that shipowners, their insurers and the maritime industry value when the unexpected happens and real experience of spill response counts most.

Technical Services

A recent review of the number of new spills attended each year by ITOPF over the last two decades shows that despite the dramatic reduction in spills from tankers, the number of new incidents attended remains between 20 and 25. During the year in review ITOPF attended



*Training course, Shanghai,
People's Republic of China*



Crude oil spill, Texas, USA

INCIDENTS ATTENDED ON-SITE BY ITOPF STAFF IN THE 12 MONTHS TO 20TH FEBRUARY, 2010

Date	Incident name	Size (GT)	Location
2009			
20th February	MARINE STAR	7,382	Sakaide Inland Sea, Japan
13th March	PACIFIC ADVENTURER	18,391	Moreton Bay, Australia
19th June	ISOLA VERDE*	20,200	Izmir, Turkey
28th June	MARTI PRINCESS	6,019	Bozcaada Island, Turkey
14th July	YM INCEPTION	16,488	Port Said, Egypt
31st July	FULL CITY	15,873	Langesund, Norway
7th August	W-O BUDMO*	4,535	Houwan, Taiwan
8th August	XING DONG GUAN 3	36,561	Johor Bahru, Malaysia
27th August	CABO PILAR*	38,900	Salvador, Brazil
28th August	GULSER ANA	23,602	Faux Cap, Madagascar
15th September	AGIOS DIMITRIOS 1	46,551	Gaolan Dao, PR China
2nd October	RED ROSE	39,736	Dunkirk, France
23rd October	MV MARSTAN	6,368	Hamburg, Germany
24th October	LOWLANDS PROSPERITY	86,201	Caofeidian, PR China
28th October	MSC SHENZHEN	65,059	Algeciras, Spain
1st November	ZOORIK	16,173	Luhuashan, PR China
5th December	AFFLATUS	25,768	Weihai, PR China
31st December	SAMHO HERON*	9,149	Imbari, Japan
2010			
5th January	FURNESS MELBOURNE	32,387	Jorf Lasfar, Morocco
12th January	HUASCO	10,598	Arica, Chile
24th January	EAGLE OTOME*	52,504	Port Arthur, USA
26th January	SEA ANGEL	4,329	Penghu Island, Taiwan
19th February	CMA CGM STRAUSS	65,247	Genoa, Italy

* Tank vessel

23 incidents, five involving tankers but only one, the EAGLE OTOME, in Texas, involving a spill of crude oil. The oil spilt in most cases was fuel oil, predominantly being carried as bunkers but in two cases the oil was carried as cargo.

The most challenging incident for ITOPF's technical staff was one that occurred in southern Madagascar and involved the GULSER ANA, a bulk carrier laden with 39,000 tonnes of phosphate rock. The political situation combined with the remoteness of the location and the lack of preparedness on the part of the government meant that ITOPF's technical advisers needed to establish a response on behalf of the shipowner and insurer with little support. The process necessitated reliance on ITOPF's Risk Assessment procedures and use of the recently purchased airline evaluation service, 'Airline Insider'. In addition, office-based staff undertook regular monitoring of the Foreign & Commonwealth Office website to watch for warnings of civil unrest.



Aerial surveillance, southern Madagascar



*Cleaning an oiled hull,
Caofeidian, People's Republic
of China*



*Working together – ITOPF
and the Maritime Safety
Administration (MSA),
People's Republic of China*



*Clean-up workers, South
Queensland, Australia*

Some 18 months after the HEBEI SPIRIT incident in South Korea, the level of effort required from ITOPF in support of the insurer and the IOPC Funds during the assessment of claims, especially in relation to the many thousands of fisheries claims received, remains high. The importance of ITOPF's technical advisers being able to maintain a strong and consistent technical position in the face of pressure and criticism has been reinforced during this process.

In addition to the technical advice provided by ITOPF's staff on site, advice is also provided at the request of shipowners and their insurers from our office in London. On several occasions, support relating to incidents that have generated unexpected or excessive claims has been required, or technical advice on the properties of specific cargoes or oils has been requested. In the last year, as well as providing advice on the fate and effects of spills, ITOPF's technical advisers have provided advice on claims relating to damage to corals, potential environmental consequences of sunken wrecks, and HNS cargoes.

Four of the spills that ITOPF attended in the year under review occurred in China. These new incidents, together with the cases that are ongoing, and the impending new regulations governing the prevention and control of marine pollution from ships, support continuation of the effort that has been made by ITOPF to date to facilitate better understanding of spill response issues and claims assessment in China. The China Maritime Safety Administration (MSA) has requested additional training courses to be run by ITOPF during the course of 2010 and a reciprocal internship for one of ITOPF's technical advisers is also planned.

Administrative Matters

The new version of the membership database was put to the test during the membership renewal process for 2010. We are pleased to report that renewal of membership was completed a month earlier than in previous years and the process of issuing certificates and invoicing made administratively more efficient for owners, their P&I Clubs and our own finance staff.

As at 20th February, 2010 the Membership tanker tonnage stood at 304 million GT, as compared with 276 million GT the previous year. The Associate tonnage was 493 million GT as at 20th August, compared with 466 million GT reported previously. From this year, Miller Marine will only report tonnage declared by the International Group of P&I Clubs on 20th April each year and provide an updated figure for the year on 20th August. The dues set during the year under review were adjusted to 0.54 of a UK penny per GT of Member tonnage, and 0.33 of a UK penny per GT of Associate tonnage for the year 2010/11. 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 single meeting of the Board and two meetings of the Advisory Committee were held during 2009. As reflected in the Directors' Report, six directors retired during the course of the year: Mr S.B. K'aki, Mr. O.H. Fritzner, Mr. J.H. Pettersen, Mr. T. Naito, Mr. M.L. Carthew

and Dr. T. H. Moller. I thank them for their valuable contribution to the work of ITOPF. The following directors were appointed to the Board on 17th November 2009: Mr. M.S. Al-Gusaier, Mr. B. Chiu, Mr. M.F. Martecchini, Mr. H. Nagasawa and Mr. A. Walker. On behalf of ITOPF I express my appreciation for the commitment and continuing support of all of our directors.

The planned retirement of senior members of ITOPF's staff took place as envisaged during the course of the year. Mr. Hugh Parker relinquished the position of Technical Director to Mr. Richard Johnson in September and has subsequently retired. Hugh has made a tremendous contribution to ITOPF and to the industry over the past 30 years. His efforts have been instrumental in the development of ITOPF's reputation as a world class organisation and an undisputed leader in its field. I wish him well in his retirement. Mr. Johnson has a background in marine biology and has been with ITOPF for 15 years. He has attended over 40 spills, including the SEA EMPRESS and PRESTIGE. More recently, he has been heavily involved in supporting the IOPC Funds and Skuld P&I Club in the assessment of claims for clean-up and pollution damage following the HEBEI SPIRIT incident in Korea.

To maintain the staff complement, three new appointments were made during the course of the year. Five internal promotions were made in recognition of experience gained and readiness to accept greater responsibility in the oversight and management of ITOPF's technical work.

I am pleased to report that the transition of leadership at ITOPF has been smooth and the high quality of services that our shipowners and their insurers have come to rely upon has continued uninterrupted. ITOPF's new leadership has taken up the baton handed to it during the year and is on course to further develop and deliver the key objectives identified in the Federation's Strategic Plan. The team spirit which I have previously remarked upon is as strong as ever. I wish to express my sincere thanks to the staff of ITOPF, ably led by our Managing Director Dr. Karen Purnell, for their valuable work over the past year. I look forward to continuing to work with the team to achieve its mission and to share the wealth of expertise that is inherent in the organisation in the interest of promoting effective spill response.



BJORN MOLLER
Chairman



Cleaning oiled booms, Arica, Chile



Boomed vessel, Langesund, Norway



Retirement of Mr Hugh Parker

(Photography courtesy of: © Dianna Bonner
(<http://worldvisionphotos.co.uk>)

Directors' Report

for the year ended 20th February, 2010

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, 2010, which show an excess of income over expenditure (after tax) of £973,180 (2009: £101,387) plus carried forward amounts to £1,277,714 (2009: £858,656). During the year the Federation made a charitable donation of £1,000 to Macmillan Cancer Support (2009: £1,000).

The Directors of the Federation as at 20th February, 2010 were:

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

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

S.B. K'aki	30th April, 2009
O.H. Fritzner	1st May, 2009
J. H. Pettersen	30th June, 2009
T. Naito	17th November, 2009
T. H. Moller	5th May, 2009
M.L. Carthew	17th November 2009

Messrs. M.S. Al-Gusaier, B. Chiu, M.F. Martecchini, H. Nagasawa and A. Walker, who were appointed as Directors on 17th November, 2009, 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. B. Moller, N.J.P. Carden, W.E. Jenkins, N.H. Schües, S. Skou 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:

- (a) so far as each director is aware, there is no relevant audit information of which the company'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 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 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

11th June 2010

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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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 2010 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 Sections 495-496 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 Boards (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.

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 20 February 2010 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

20th July 2010

Profit and loss account for the year ended 20th February, 2010

	Note	2010 £	2009 £
Turnover	3	4,362,160	3,254,742
Administrative expenses		<u>(3,396,531)</u>	<u>(3,285,760)</u>
Operating surplus/(loss)		965,629	(31,018)
Interest receivable and similar income	4	<u>9,767</u>	<u>148,982</u>
Revenue surplus on ordinary activities before taxation	5	975,396	117,964
Taxation	8	<u>(2,216)</u>	<u>(16,577)</u>
Revenue surplus on ordinary activities after taxation		973,180	101,387
Revenue surplus brought forward	9	<u>858,656</u>	<u>1,932,057</u>
Revenue surplus carried forward		<u><u>1,277,714</u></u>	<u><u>858,656</u></u>

Statement of total recognised gains and losses for the year ended 20th February, 2010

	Note	2010 £	2009 £
Revenue surplus for the year		973,180	101,387
Actuarial loss on the pension scheme	15	<u>(554,122)</u>	<u>(1,174,788)</u>
Total gains and losses for the year		<u><u>(419,058)</u></u>	<u><u>(1,073,401)</u></u>

Balance Sheet

at 20th February, 2010

	Note	£	2010 £	£	2009 £
Fixed assets					
Tangible assets	11		<u>186,518</u>		<u>217,633</u>
			186,518		217,633
Current assets					
Stocks	12	696		720	
Debtors	13	535,397		560,465	
Cash at bank and in hand		<u>1,497,929</u>		<u>1,159,649</u>	
		2,034,022		1,720,834	
Creditors: amounts falling due within one year	14	<u>(458,341)</u>		<u>(444,315)</u>	
Net current assets			<u>1,575,681</u>		<u>1,276,519</u>
Net assets excluding pension liability			<u>1,762,199</u>		<u>1,494,152</u>
Pension liability	15		<u>(484,485)</u>		<u>(635,496)</u>
Net assets including pension liability			<u>1,277,714</u>		<u>858,656</u>
Accumulated revenue surplus			<u>1,277,714</u>		<u>858,656</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 11th June, 2010 and were signed on its behalf by:

MR D.J. RIDGWAY
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, 2010 there were 6,119 Members (2009: 5,674).

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

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 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.

	2010 £	2009 £
By activity		
Membership dues	2,059,504	1,428,795
Associate dues	1,994,282	1,454,267
Cost recoveries and other income	308,374	371,680
	<u>4,362,160</u>	<u>3,254,742</u>

4 Interest receivable and similar income

	2010 £	2009 £
Bank interest	9,767	77,918
Other interest	-	13
Net return on pension scheme (<i>note 15</i>)	-	71,051
	<u>9,767</u>	<u>148,982</u>

5 Revenue surplus on ordinary activities before taxation

	2010 £	2009 £
Revenue surplus on ordinary activities before taxation is stated after charging/(crediting):		
Auditor's remuneration – audit fees	8,955	8,500
Auditor's remuneration – other fees paid to the auditors and their associates for services	2,298	4,583
Depreciation of tangible fixed assets	79,691	84,444
Net (profit)/loss on disposal of tangible fixed assets	(381)	7,017
Property lease rentals payable	174,531	177,029
Net return on pension scheme (<i>Note 15</i>)	122,021	(71,051)

6 Remuneration of Directors

Excluding pension contributions, the emoluments of the Chairman were £nil (2009: £nil) and the emoluments of the highest paid Director to the date of retirement, 5th May 2009, were £33,676 (2009: £128,114 for the full year) and for the successor to the year end were £112,174; none of the other 22 Directors received any emoluments in respect of services rendered to the company (2009: £nil). One director (2009: 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	
	2010	2009
Technical and information staff	17	16
Administration	9	9
	<u>26</u>	<u>25</u>

The aggregate payroll costs of these persons were as follows:

	2010	2009
	£	£
Wages and salaries	1,480,823	1,461,253
Social security costs	170,512	172,589
Pension costs (note 15)	245,256	349,336
	<u>1,896,591</u>	<u>1,983,178</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.

	2010	2009
	£	£
Current corporation tax charge for the year:		
Revenue surplus before tax	<u>975,396</u>	<u>117,964</u>
Expected tax charge at 21%	204,833	24,772
(Deficit)/surplus not subject to UK Corporation tax	<u>(202,617)</u>	<u>(8,146)</u>
	2,216	16,626
Prior year adjustments	-	(49)
Current Corporation Tax charge for the year	<u>2,216</u>	<u>16,577</u>

9 Reserves

	2010 £	2009 £
Revenue surplus brought forward	858,656	1,932,057
Revenue surplus for the year	973,180	101,387
Actuarial loss on the pension scheme (Note 15)	(554,122)	(1,174,788)
	<u>1,277,714</u>	<u>858,656</u>

10 Commitments

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

	2010 £	2009 £
Land & buildings		
Operating leases which expire in more than 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	347,460	25,000	291,867	664,327
Additions	48,141	-	547	48,688
Disposals	(48,990)	-	-	(48,990)
	<u>346,611</u>	<u>25,000</u>	<u>292,414</u>	<u>664,025</u>
Depreciation				
At beginning of year	281,823	1,233	163,638	446,694
Charge for year	56,788	4,753	18,150	79,691
On disposals	(48,878)	-	-	(48,878)
	<u>289,733</u>	<u>5,986</u>	<u>181,788</u>	<u>477,507</u>
Net book value				
At 20th February, 2010	<u>56,878</u>	<u>19,014</u>	<u>110,626</u>	<u>186,518</u>
At 20th February, 2009	<u>65,637</u>	<u>23,767</u>	<u>128,229</u>	<u>217,633</u>

12 Stocks

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

13 Debtors

	2010	2009
	£	£
Trade debtors	149,356	237,615
Other debtors including VAT	78,281	24,304
Prepayments and accrued income	307,760	298,546
	<u>535,397</u>	<u>560,465</u>

Included in other debtors is an amount of £39,021 (2009: £Nil) due from the pension scheme. The amount is interest free, unsecured and repayable on demand.

14 Creditors: amounts falling due within one year

	2010	2009
	£	£
Trade creditors	113,487	42,469
Corporation tax	2,216	16,626
Accruals and deferred income	342,638	385,220
	<u>458,341</u>	<u>444,315</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, 2010 by a qualified independent actuary. The fair value of the scheme's assets valued as at this date was £9,852,967 (2009: £7,432,264), 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 £10,337,452 (2009: £8,067,760), 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 £484,485 (2009: £635,496).

The major assumptions used by the actuary were:

	At 20.02.10	At 20.02.09	At 20.02.08
Rate of increase in salaries	5.0%	4.4%	5.0%
Rate of increase in pensions in payment (Limited Price Indexation)	3.5%	2.8%	3.5%
Discount rate	5.9%	6.6%	6.3%
Inflation assumption	3.5%	2.9%	3.5%

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 (All Stocks) 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:	Based on the inflation assumption 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 2010 – 20th February 2011)	930,000

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

	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 £	Long-term rate of return expected at 20.02.08	Value at 20.02.08 £
Equities	7.7%	4,435,531	7.2%	2,864,533	8.1%	4,501,353
Bonds	5.3%	3,922,310	4.2%	4,073,585	5.2%	3,879,030
GARS	5.0%	1,441,756	-	-	-	-
Cash	3.5%	748	0.75%	444,283	5.0%	627
Insured liability	5.9%	52,622	6.6%	49,863	-	-
Total market value of assets		<u>9,852,967</u>		<u>7,432,264</u>		<u>8,381,010</u>

Reconciliation of the opening and closing balances of scheme liabilities:

	2010 £	2009 £
Present value of scheme liabilities at beginning of period	8,067,760	8,102,830
Current service cost (Employer)	245,256	349,336
Interest cost	523,695	506,001
Employee contributions	57,994	59,112
Actuarial loss/(gain) on scheme liability assumption changes	2,144,572	(887,686)
Actuarial (gain)/loss on scheme liability experience	(186,274)	51,141
Benefits paid	(515,551)	(162,837)
Adjustment for insurance liability	-	49,863
Present value of scheme liability at end of period	<u>10,337,452</u>	<u>8,067,760</u>

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

	2010 £	2009 £
Fair value of plan assets at beginning of period	7,432,264	8,381,010
Expected return on plan assets	401,673	577,052
Actuarial gain/(loss) on scheme assets	1,404,176	(2,011,333)
Contributions (Employer)	1,072,411	539,397
Contributions (Employee)	57,994	59,112
Benefits paid	(515,551)	(162,837)
Adjustment for insurance asset	-	49,863
	<u>9,852,967</u>	<u>7,432,264</u>

Actual return on scheme assets:

	2010 £	2009 £
Actual return on scheme assets	1,805,849	(1,434,281)

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

	2010 £	2009 £
Fair value of plan assets	9,852,967	7,432,264
Value of liabilities (defined benefit obligation)	(10,337,452)	(8,067,760)
	<u>(484,485)</u>	<u>(635,496)</u>

Total expense recognised in profit or loss:

	2010 £	2009 £
Current service cost	245,256	349,336
Interest cost	523,695	506,001
Expected return on scheme assets	(401,673)	(577,052)
	<u>367,278</u>	<u>278,285</u>

Total amounts recognised in the statement of total recognised gains and losses:

	2010 £	2009 £
Cumulative STRGL gains at beginning of period	484,111	1,658,899
Actuarial (loss)/gain on scheme liability assumption changes	(2,144,572)	887,686
Actuarial gain/(loss) on scheme liability experience	186,274	(51,141)
Actuarial gain/(loss) on scheme assets	1,404,176	(2,011,333)
	<u>(70,011)</u>	<u>484,111</u>

Effect of surplus restriction:

The Pension Scheme asset at the disclosure date is not restricted.

Movement in surplus during the year:

	2010 £	2009 £
Pension scheme (liability)/asset at beginning of the year	(635,496)	278,180
Profit and loss charge	(367,278)	(278,285)
STRGL losses	(554,122)	(1,174,788)
Employer contributions	<u>1,072,411</u>	<u>539,397</u>
Pension scheme liability at the end of the period	<u>(484,485)</u>	<u>(635,496)</u>

Amounts for current and previous four periods:

	2010 £000	2009 £000	2008 £000	2007 £000	2006 £000
Present value of scheme liability	10,337	8,068	8,103	9,079	8,869
Fair value of scheme assets	9,853	7,432	8,381	8,437	7,190
(Deficit)/surplus	(484)	(636)	278	(642)	(1,679)
Experience adjustment on scheme liabilities	186	(51)	108	20	52
Experience adjustment on scheme assets	1,404	(2,011)	(705)	131	827

Annual General Meeting

The Annual General Meeting of The International Tanker Owners Pollution Federation Limited will be held at Fairmont Pacific Rim, 1038 Canada Place, Vancouver, British Columbia, Canada on 16th November, 2010 at 9:00am for the following purposes:

- 1 To receive the Accounts of the Federation for the financial year ended 20th February, 2010, 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

11th June, 2010

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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