

Company Registration Number: 01182588

THE OFFSHORE POLLUTION LIABILITY ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2020

THE OFFSHORE POLLUTION LIABILITY ASSOCIATION LIMITED

DIRECTORS AND OFFICERS

CHAIRPERSON

J F Craw

DIRECTORS

T R Albretsen

J F Craw

J G Doran

E J Mutzig

D S Ogilvie

D A Riesen

L Carlinet

P M Oakton

S J Ricketts

SECRETARY

P M Taylor

REGISTERED OFFICE

The Broadgate Tower

Third Floor

20 Primrose Street

London

EC2A 2RS

COMPANY REGISTRATION NUMBER

01182588

AUDITOR

RSM UK Audit LLP

Chartered Accountants

Third Floor

One London Square

Cross Lanes

Guildford

GU1 1UN

SOLICITOR

Reed Smith LLP

The Broadgate Tower

32nd Floor

20 Primrose Street

London

EC2A 2RS

THE OFFSHORE POLLUTION LIABILITY ASSOCIATION LIMITED

DIRECTORS' REPORT

RESULTS AND DIVIDENDS

The loss before tax for the year amounted to £28,888 (2019: loss £5,383) which, after tax, resulted in £28,985 loss (2019: loss £5,335) taken to reserves. No dividends are proposed (2019: none).

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the Association during the year was to supervise and administer The Offshore Pollution Liability Agreement ("the Agreement"), which concerns compensation for pollution damage and reimbursement for the cost of remedial measures resulting from a discharge of oil from offshore facilities operated by parties to the Agreement and the establishment and maintenance by such parties of financial responsibility in respect of potential liabilities under the Agreement.

The parties to the Agreement have undertaken to meet their obligations payable under the Agreement up to a maximum of US\$250,000,000 in respect of any one incident.

The directors do not anticipate that the activities of the Association will change in the future.

Charges are made to members at the beginning of each year for an annual subscription to fund the forecast costs to be incurred by the Association in that year. Since all costs are recovered from the Association's members the directors do not consider there to be significant risks and uncertainties.

The directors manage the liquidity of the Association in order to meet its obligations as they become due. The Association's exposure to credit risk is to the extent of cash and receivables as reflected on the balance sheet. Cash balances are deposited only with financial institutions which the directors consider to be of suitable credit rating.

The annual subscription is charged in accordance with Appendix 2 to the Articles of Association. It is calculated by dividing the amount of the total subscription required for the financial year by the aggregate of the number of members at 1st January of such year.

At 31 December 2020 there were 98 (2019: 99) members of the Association.

No incident requiring the operation of Clause III.2 of the Agreement occurred during the year. Covid-19 continues to have a significant effect on the country. The directors have reviewed the impact on the Association and have concluded it will continue to be minimal. The directors have taken confidence from the member funding, which is received annually in advance, and concluded the Association has sufficient resources to cover its operating costs for no less than 12 months from the date of signing the financial statements.

The Association is a company limited by guarantee and not having a share capital.

THE OFFSHORE POLLUTION LIABILITY ASSOCIATION LIMITED

DIRECTORS' REPORT (continued)

The directors present their report and financial statements of The Offshore Pollution Liability Association Limited ("the Association") for the year ended 31 December 2020.

DIRECTORS

The following directors have held office since 1 January 2020, unless otherwise stated:

T R Albretsen
J F Craw
J G Doran
J A Herringshaw resigned on 28/04/2021
S D McLean resigned on 17/03/2020
E J Mutzig
D S Ogilvie
S J Ricketts
D A Riesen
L Carlinet appointed 17/03/2020
P M Oakton appointed 17/03/2020

Pursuant to Article 11.1 and 11.2 of the Articles of Association the directors due to retire by rotation at the next Annual General Meeting are David Stewart Ogilvie and Stefan John Ricketts.

DIRECTORS' INDEMNITY

The Association has entered into a deed of indemnity with the managing director, J F Craw, in respect of proceedings brought by third parties subject to the conditions set out in the Companies Act 2006. The Association has purchased directors' and officers' liability insurance. All of these arrangements remain in place at the date of this report.

DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

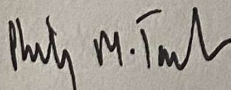
The directors who were members of the board at the time of approving the directors' report are listed above. Having made enquiries of fellow directors and of the Association's auditor, each of these directors confirms that:

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of its report of which the Association's auditor is unaware; and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Association's auditor is aware of that information.

AUDITOR

The auditor, RSM UK Audit LLP, has indicated its willingness to continue in office. This report has been prepared in accordance with the provisions applicable to companies entitled to small companies exemption.

This report was approved by the board of directors, and is signed on their behalf by:



P M Taylor
Secretary

16 June 2021

THE OFFSHORE POLLUTION LIABILITY ASSOCIATION LIMITED

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), including FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 affairs of the Association and the profit or loss of the Association 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.

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

THE OFFSHORE POLLUTION LIABILITY ASSOCIATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE OFFSHORE POLLUTION LIABILITY ASSOCIATION LIMITED

Opinion

We have audited the financial statements of The Offshore Pollution Liability Association Limited (the 'company') for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

THE OFFSHORE POLLUTION LIABILITY ASSOCIATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE OFFSHORE POLLUTION LIABILITY ASSOCIATION LIMITED (continued)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which 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 in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the directors' report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

THE OFFSHORE POLLUTION LIABILITY ASSOCIATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE OFFSHORE POLLUTION LIABILITY ASSOCIATION LIMITED (continued)

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements to be FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and inspecting correspondence with local tax authorities.

There were no significant laws and regulations that have an indirect impact on the financial statements.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the 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.



JONATHAN DA COSTA (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

3rd Floor, One London Square

Cross Lanes, Guildford, Surrey GU1 1UN

Date 24 June 2021

THE OFFSHORE POLLUTION LIABILITY ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Note	2020 £	2019 £
TURNOVER			
Membership subscriptions		295,221	292,336
Interest receivable		325	586
		<u>295,546</u>	<u>292,922</u>
ADMINISTRATIVE EXPENSES			
Remuneration	3	(105,164)	(105,193)
General expenses, services and fees		(219,270)	(193,112)
		<u>(324,434)</u>	<u>(298,305)</u>
OPERATING LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION			
	2	(28,888)	(5,383)
Taxation	4	(97)	48
		<u>(28,985)</u>	<u>(5,335)</u>
RETAINED LOSS FOR THE YEAR			
		<u><u>(28,985)</u></u>	<u><u>(5,335)</u></u>

THE OFFSHORE POLLUTION LIABILITY ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

(Company Registration Number: 01182588)

	Note	2020 £	2019 £
CURRENT ASSETS			
Debtors	5	340,349	278,718
Cash at bank		131,722	248,001
		<u>472,071</u>	<u>526,719</u>
CREDITORS: amounts falling due within one year	6	(360,051)	(385,714)
		<u>112,020</u>	<u>141,005</u>
NET CURRENT ASSETS			
		<u>112,020</u>	<u>141,005</u>
NET ASSETS		<u>112,020</u>	<u>141,005</u>
CAPITAL AND RESERVES			
Profit and loss account	7	112,020	141,005
		<u>112,020</u>	<u>141,005</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements on pages 8 to 13 were approved by the board of directors and authorised for issue on 16 June 2021 and are signed on their behalf by:


J.F. Craw
Director

THE OFFSHORE POLLUTION LIABILITY ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY

As at 31 December 2020

	Retained Profits £
Opening shareholders' funds as at 1 January 2019	146,340
Retained loss for the year	(5,335)
	<hr/>
Balance at 1 January 2020	141,005
Retained loss for the year	(28,985)
	<hr/>
At 31 December 2020	112,020
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THE OFFSHORE POLLUTION LIABILITY ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. ACCOUNTING POLICIES

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

COMPANY INFORMATION

The Association is a private company limited by guarantee and not having share capital. It is registered and incorporated in England and Wales.

BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”), the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime and under the historical cost convention modified to include certain financial instruments at fair value. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show true and fair view.

The financial statements are prepared in Sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

FINANCIAL INSTRUMENTS

The company has elected to apply the provisions of section 11 ‘Basic Financial Instruments’ and section 12 ‘Other Financial Instruments Issues’ of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

BASIC FINANCIAL ASSETS

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

BASIC FINANCIAL LIABILITIES

Basic financial liabilities, including trade and other creditors, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

GOING CONCERN

As at 31 December 2020, the company had accumulated reserves of £112,020 (2019: £141,005). The Association is funded by member subscriptions. Each year subscriptions are calculated to equate to the estimated costs of the association for the year ahead. In view of this funding mechanism, the level of accumulated reserves held by the association, and the number of members funding the Association, 98 (2019: 99), the directors are satisfied that the Association is a going concern and have prepared these financial statements on this basis.

REVENUE RECOGNITION

Membership subscriptions, which are stated net of value added tax, are recognised in the year to which they relate.

THE OFFSHORE POLLUTION LIABILITY ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. ACCOUNTING POLICIES (continued)

TAXATION

Current tax (UK corporation tax) is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

2. LOSS ON ORDINARY ACTIVITIES BEFORE TAX

	2020	2019
	£	£
The loss on ordinary activities before tax is stated after charging:		
Auditor's remuneration:		
Statutory audit	12,000	9,500
Taxation services	2,350	2,250
Other services	-	3,540
	<u> </u>	<u> </u>

3. DIRECTOR'S REMUNERATION

Remuneration of Director

Directors' emoluments amounted to £85,000 (2019: £85,000).

Staff costs

The average number of staff during the year, including directors, was 2 (2019: 2). Salaries during the year amounted to £94,000 (2019: £94,000) and social security costs totalled £11,164 (2019: £11,193).

4. TAXATION

	2020	2019
	£	£
Current tax:		
Adjustment in respect of a prior period	97	919
Current tax charge/(credit)	-	(967)
Tax on loss on ordinary activities	<u>97</u>	<u>(48)</u>

THE OFFSHORE POLLUTION LIABILITY ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

5. DEBTORS

	2020 £	2019 £
Trade debtors	338,400	275,800
Corporation tax receivable	-	969
Other debtors	1,949	1,949
	<u>340,349</u>	<u>278,718</u>

Trade debtors comprise uncollected 2021 subscriptions invoiced during the year.

6. CREDITORS: amounts falling due within one year

	2020 £	2019 £
Trade creditors	8,721	20,556
Deferred income	288,000	294,000
Other taxes and social security	48,466	52,234
Other creditors	14,864	18,924
	<u>360,051</u>	<u>385,714</u>

Deferred income relates to 2021 subscriptions invoiced during the current year.

7. RESERVES

	2020 £	2019 £
1 st January	141,005	146,340
Loss for the financial year	(28,985)	(5,335)
	<u>112,020</u>	<u>141,005</u>

8. MEMBERS' LIABILITY

The Association is a company limited by guarantee and not having a share capital.

In the event of the Association being wound-up, the liability of each member to contribute to the assets of the Association in the event of the same being wound up during the time it is a member, or within one year afterwards, is limited to £5.

9. RELATED PARTY TRANSACTIONS

Turnover of £9,000 (2019: £11,600) to related subscribing members has been recognised during the year. As at the year-end and included within trade debtors are amounts of £10,800 (2019: £10,800) due from these entities, which relate to the following year's subscription billed in advance. These subscribing members of the Association were related by common directorships.