

Society of International Gas Tanker & Terminal Operators Ltd



2011

Annual Report

Report and Financial Statements
to 31st December 2011



2011

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PRESIDENT'S FOREWORD



This is my first report since taking over as President from Allyn Risley's capable hands.

Piracy still represent an unacceptable challenge and risk to our industry; lots of hard work by all has led to reducing the number of piracy attacks in 2012 compared with 2011 and the pirates' success ratio has reduced as well. Industry's work, including promotion of 'Best Management Practices' and introduction of the use of private armed security guards, has certainly contributed to this reduction. However, solving this challenge cannot and should not be regarded as a problem for seafarers and ship owners, the international community must ensure safe passage through international waters. This can only be achieved with the re-establishment of the norms of

'rule of law' ashore in Somalia.

I am pleased to report good progress in IMO on the approval of the revised IGC code into which many members have poured many hours of hard work based on their knowledge and experiences. We hope that it will be approved in IMO in 2013 with entry into force in 2014.

In 2011 we have had constructive exchanges on a particular risk for our industry – safe connection and disconnection of loading arms. A serious incident was reported in 2011. This led to an excellent information paper issued early 2012 that will guide our rapidly growing industry.

Our industry still faces rapid growth combined with financial challenges. The commitment of the membership to recruitment and training of cadets into officers is more important than ever – this is a recurring topic at our strategic discussions at board level.

The Secretariat has actively engaged in work done by other entities on the use of LNG as fuel and is working hard to ensure that our industry's strong historic performance of safe transport and transfer of LNG will add value to ensuring the safe and prudent introduction of LNG as fuel for conventional ships. A constructive dialogue with stakeholders has been established and is being pursued.

Finally I am pleased to report that we have identified and employed Bill's successor as General Manager. Bill retires later this year and at the recent board meeting in Kuala Lumpur we confirmed the appointment of Mr. Andrew Clifton. Andrew has a vast experience with both LPG and LNG transportation and will be a valuable addition to the organization. He will join the Secretariat in good time to ensure a full and complete hand over from Bill.

Steffen Jacobsen
June 2012

GENERAL MANAGER'S REPORT



2011 was another busy and eventful year for the Society.

Over the year, the Society had two members resign and five join, thus showing a net increase of three over the year. We also put four members into suspension for non-payment of dues. At year end we had a total of 175 Full Members and Associate Members.

The Directors met three times during the year as per the Bye-Laws. The spring Board meeting was in Isle of Man and the autumn meetings were in Vancouver, kindly hosted by the Bernhard Schulte Shipmanagement and TeeKay respectively.

The 2011 Report of Accounts is attached and I commend it to the Members. The Society is registered in Bermuda as a "not-for-profit" entity, however we are allowed to retain surplus as reserves. We set the budget each year to generate a small surplus which goes to

reserves. The reserve level we target is about one year's operating costs and we are just over the target. We had an unexpected 'windfall' of royalties from publications leading to a significant boost to the reserves level. The Society's finances remain on a sound footing.

The General Purposes Committee (GPC) elected a new Chairman after Marc Hopkins stepped down have completed 6 years as Chairman. The new Chairman is Chris Clucas of Bernhard Schulte Shipmanagement. The GPC met twice in the year to manage the Society's affairs. The meetings were in Amsterdam in March and Houston in September. The Society maintains a full program of activities, most of which are addressed by working groups populated by experts selected from the member companies.

The Panel meeting was held on the days following the autumn GPC meeting in Houston. This is the main meeting forum for the members and was well attended with nearly 200 registered for the meeting. The highlight was undoubtedly the half-day session given by staff from Sandia who gave a good account of the LNG safety research program commissioned by the US Government.

Regional Forum meetings have continued to be held on a regular basis, the timing of such meetings being largely dictated by the members themselves.

The Society has 'observer status' as a Non-Governmental Organisation (NGO) at the International Maritime Organisation (IMO). The Secretariat attends IMO as appropriate and has written/co-sponsored submissions to IMO on various matters related to the LNG/LPG sector of the industry.

The Secretariat maintains close contacts with other NGO's, principally OCIMF, ICS, Intertanko and BIMCO. Where appropriate, we co-ordinate our activities to ensure a consistent industry message to the wider world. An example of this is in the area of advice to those exposed to the threat of piracy off the coast of Somalia. The industry, together with military input, has developed the "Best Management Practices for Protection against Somalia Based Piracy". The fourth edition ("BMP4") was issued in August 2011, it will be further updated as and when appropriate.

After much effort by members and the wider industry, the revised International Gas Carrier Code (IGC Code) was submitted to IMO and formally presented to the Government delegates at BLG 15 in early 2011. The focus has now shifted to 'managing' the passage of the revised Code through IMO procedures towards final approval. This process may take two or three years.

The Secretariat maintains a program of external engagements to promote the Society's profile. The General Manager chaired Global FLNG Summit in January and the 4th Annual Lloyd's List Gas Ship Technology Summit

in December, both in London. In March, SIGTTO took a high profile at the Gastech conference where two 'SIGTTO' papers were presented and the General Manager chaired the 'Safety and Standards' session.

Capt. Craig Jackson delivered the annual lecture to the LSE Port State Control Course, one in Amsterdam and one in Southampton, in April.

GIIGNL invited the General Manager to their General Assembly at San Diego, USA in September to advise them on SIGTTO activities and discuss matters of mutual interest.

As the President has indicated in his Forward, this will be the last General Manager's Report written by me as I intend to step down at the AGM in November after 5½ years in post. I would also therefore like to record my thanks to the Directors, the GPC, the Secretariat staff and all the membership for their support and guidance, without which, the Society would not continue to be the principal voice for the liquefied gas industry.

William S Wayne
General Manager

June 2012

SIGTTO at a Glance

- SIGTTO was formed in 1979 with 7 members, within one year there were 20 members. At the end of 2010 SIGTTO had 124 Full Members and 52 Associate Members and the overall tonnage and capacity in World terms is provided within these pages.
- SIGTTO has been organised to encourage safe and responsible operation of liquefied gas tankers and marine terminals handling liquefied gas; to develop advice and guidance for best industry practice among its members and to promote criteria for best practice to all who have responsibilities for, or an interest in, the continuing safety of gas tankers and terminals.
- SIGTTO is a not for profit organisation based in Bermuda with a London liaison office. London is the financial and shipping capital of the World and is also the headquarters of the International Maritime Organisation where SIGTTO has observer status.
- The SIGTTO London Office a permanent staff of six and has a Board of Directors presently numbering 20 who meet three times a year. The Annual General Meeting of Members is normally held in the Autumn.
- The Society does not seek to promote the sectional interests of any of its Members, nor will it compromise technical standards to secure commercial advantage for any one party.
- Our members are involved in all aspects of the safe marine transportation and transfer to and from shore tankage of liquefied gasses.
- SIGTTO publishes over 50 books, recommendations and guidelines – an average of two per year have been produced or updated. The SIGTTO website is available to all interested parties and members have free access to further pages.
- SIGTTO sponsors Panel Meetings and Regional Forums where members are encouraged to suggest topics for discussion. Members, engineers, specialists and manufacturers are invited to speak at these events. Panel and Regional meetings provide an excellent opportunity for members to network with their peers.
- The main technical body of SIGTTO is the General Purposes Committee. General Purposes Committee members are expected to be supportive of the aims of the Society, in promoting safe and responsible operations in the sphere of gas tanker and terminal operations and to reflect this commitment in the conduct of their own operations.
- The GPC and the Secretariat provide the vehicle through which the knowledge and information gathering within the organisation can best be promulgated to the members and the regulatory bodies that influence the industry.

List of Directors – December 2011

Mr. Andy Richardson	IMT
Mr. Edwin Mortimer	Company Secretary
Mr Masahiro Iwatani	Kansai Electric Power Co Inc
Mr. Jan van Dijk	STASCo
Mr. Rudolf Adamiak	GDF SUEZ
Mr. David Furnival	Bernard Schulte Shipmanagement
Mr. Yasushi Yamawaki	NYK
Mr. Luc Gillet	Total SA
Mr. Jim Kelley	Chevron Shipping
Mr. Ed Carr	BGT
Ms. Rene Klinczak	BG LNG Services
Mr. Faisal Ismail	MISC
Mr. Abdullah Al-Sulaiti	Qatar Gas
Mr. Shigeki Hirano	Osaka Gas
Mr Takeshi Hashimoto	MOL
Mr. Jim Ellis	BP Shipping
Mr. Peter Pearman	Conyers Dill & Pearman
Mr. Øyvind Solem	BW Gas
Mr. David Glendinning	Teekay Shipping
Mr. Steffen Jacobsen	AP Moller

Facts & Figures 2011

LNGCs

SIGTTO Members own, operate or have a significant interest in 97% of the World total of 375 ships with a total capacity of 53.4 million m³.

Of the 16 LNGC new-buildings delivered in 2011 all, apart from one small coastal vessel, are either owned partially or entirely and/or operated by SIGTTO members.

LPGCs

Of the World total of 1210 LPG ships, which has a total capacity of 19.7 million m³ SIGTTO members own or operate 315 ships with a capacity totalling 10.7 million m³ This equates to 54.3 % of total vessel capacity, i.e. membership is heavily loaded towards the larger vessels.

LNG Terminals

SIGTTO members have interests in, 22 of the 24 the LNG export terminals this equated to 98.5% of the world total LNG production of 532 m³.

Of the 79 conventional regas terminals members have an interest in 74 and all 10 unconventional (i.e. floating and offshore) terminals are owned or operated wholly or in part by SIGTTO members.

LPG Terminals

SIGTTO members own or operate 90 terminals with 10.4 million m³ total storage capacity.

Sources:

GIIGNL "The LNG Industry"

HIS – Fairplay "Sea-Web"

SIGTTO Membership Database and other internal records

**SOCIETY OF INTERNATIONAL GAS TANKER
AND TERMINAL OPERATORS LIMITED**

REPORT AND FINANCIAL STATEMENTS

31st DECEMBER 2011

**Independent Auditors' Report to the Members of the Society of International Gas Tanker
and Terminal Operators Limited**

Report on the Financial Statements

We have audited the accompanying financial statements of the Society of International Gas Tanker and Terminal Operators Limited, which comprise the statement of financial position as at 31st December 2011 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the society's members, as a body, in accordance with our terms of engagement. Our audit work has been undertaken so that we might state to the society's members those matters we are required to state to them in an auditors' 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 society and the society's members as a body, for our audit work, for this report, or for the opinions we have formed.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

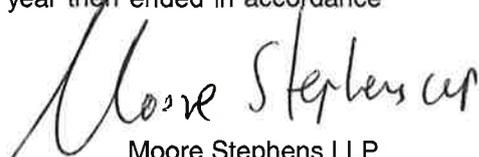
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Society of International Gas Tanker and Terminal Operators Limited as at 31st December 2011, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

150 Aldersgate Street
London
EC1A 4AB


Moore Stephens LLP
Chartered Accountants

25 June 2012

**Society of International Gas Tanker and
Terminal Operators Limited**

**Statement of Comprehensive Income
For the year ended 31st December 2011**

	<u>Note</u>	<u>2011</u>	<u>2010</u>
Revenue			
Members' annual dues		1,080,951	1,038,917
Royalties		167,318	48,273
Interest receivable		10,065	5,710
		<hr/>	<hr/>
	2(b)	1,258,334	1,092,900
Expenditure			
Employee benefit expense	5	319,143	331,935
Office supplies, web and library costs		37,912	22,884
Members' meetings		198,489	208,234
Rents, rates and services		128,629	124,614
Professional fees		288,839	208,664
Project costs		27,425	61,755
Communications		4,917	6,758
Depreciation		5,038	4,156
Miscellaneous expenses		8,316	26,814
Bad debts		-	20,800
		<hr/>	<hr/>
		1,018,708	1,016,614
Surplus for the year		<hr/> £ 239,626 <hr/>	<hr/> £ 76,286 <hr/>

The company has no items of other comprehensive income.

**Society of International Gas Tanker and
Terminal Operators Limited**

Balance Sheet at 31st December 2011

	<u>Note</u>	<u>2011</u>	<u>2010</u>
Non-current Assets			
Property, Plant and Equipment	4	19,358	6,136
Current Assets			
Trade and other receivables	6	637,024	272,355
Cash and cash equivalents		1,679,053	1,562,632
		<u>2,316,077</u>	<u>1,834,987</u>
Total Assets		£ <u>2,335,435</u>	£ <u>1,841,123</u>
Current Liabilities			
Trade and other payables	7	686,870	433,755
Total Liabilities		<u>686,870</u>	<u>433,755</u>
Capital and Reserves			
Called up share capital	8	25,188	23,617
Retained earnings		1,623,377	1,383,751
Total Equity		<u>1,648,565</u>	<u>1,407,368</u>
Total Liabilities and Equity		£ <u>2,335,435</u>	£ <u>1,841,123</u>

Signed on behalf of the Board and authorised for issue on

)
) Directors

31/05/2012

**Society of International Gas Tanker and
Terminal Operators Limited**

**Statement of Changes in Equity
For the year ended 31st December 2011**

	<u>Share Capital</u>	<u>Retained earnings</u>	<u>Total</u>
At 1st January 2010	22,869	1,307,465	1,330,334
Issue of shares to new members 1,200 shares	748	-	748
Surplus for the year	-	76,286	76,286
At 31st December 2010	£ 23,617	£ 1,383,751	£ 1,407,368
Issue of shares to new members 2,100 shares	1,571	-	1,571
Surplus for the year	-	239,626	239,626
At 31st December 2011	<u>£ 25,188</u>	<u>£ 1,623,377</u>	<u>£ 1,648,565</u>

**Society of International Gas Tanker and
Terminal Operators Limited**

**Statement of Cash Flows
For the year ended 31st December 2011**

	<u>2011</u>	<u>2010</u>
Operating Activities		
Surplus for the year	239,626	76,286
Adjustment for:		
Interest receivable	(10,065)	(5,710)
Depreciation	5,038	4,156
	<hr/>	<hr/>
Operating surplus before working capital changes	234,599	74,732
(Increase)/decrease in trade and other receivables	(364,669)	207,828
Increase/(decrease) in trade and other payables	253,115	(97,999)
	<hr/>	<hr/>
Cash inflow from Operating Activities	123,045	184,561
Investing Activities		
Interest received	10,065	5,710
Payments to acquire property, plant and equipment	(18,260)	(276)
	<hr/>	<hr/>
Cash (outflow)/inflow from Investing Activities	(8,195)	5,434
Financing Activities		
Issue of share capital	1,571	748
	<hr/>	<hr/>
Cash inflow from Financing Activities	1,571	748
Increase in Cash in the Year	116,421	190,743
Cash and cash equivalents at Beginning of Year	1,562,632	1,371,889
	<hr/>	<hr/>
Cash and cash equivalents at End of Year	£ 1,679,053	£ 1,562,632
	<hr/> <hr/>	<hr/> <hr/>

**Society of International Gas Tanker and
Terminal Operators Limited**

Financial Statements for the year ended 31st December 2011

Notes

1. General

The Society of International Gas Tanker and Terminal Operators Limited, incorporated under the laws of Bermuda, is a non-profit company dedicated to the protection and promotion of the mutual interests of its Members in the safe operation of liquefied gas tankers and liquefied gas terminals. It consults with and represents its Members before the International Maritime Organisation and other bodies on matters relating to the shipment and terminalling of liquefied gas. The company's principal place of business is 17 St. Helen's Place, London.

2. Significant Accounting Policies

(a) Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards.

(b) Revenue

Revenue includes members' dues which are paid annually and comprise a basic minimum charge plus a call on the volume capacity of ships or terminals owned or operated by them. The level of the dues per unit volume is fixed by the Members in the Annual General Meeting. Members dues are accounted for on an accruals basis.

Royalty income is accounted for on an accruals basis.

(c) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation.

Depreciation is provided to write off the cost of property, plant and equipment on a straight line basis over the estimated useful economic lives, being 3 years.

(d) Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies have been translated into pounds sterling, the functional currency of the company at the rates of exchange prevailing at the balance sheet date. Income and expense transactions originating in foreign currencies are translated at the rates of exchange prevailing at the date of the transaction.

(e) Financial instruments

Financial assets and liabilities are initially recognised on the balance sheet at fair value when the company has become a party to the contractual provisions of the instrument.

All financial assets are categorised as loans and receivables. Such assets are carried at amortised cost using the effective interest method if the time value of money may have a significant impact on their value.

Financial liabilities are subsequently measured at amortised cost.

**Society of International Gas Tanker and
Terminal Operators Limited**

Financial Statements for the year ended 31st December 2011

Notes (Continued)

2. Significant Accounting Policies (continued)

(f) Critical accounting estimates and judgements

In the application of the company's accounting policies, management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from estimates. The following summarises the judgements, estimates and assumptions that may cause amounts recognised or disclosed to change in following reporting periods:

Leases

The company is party to leasing arrangements as a lessee. Accounting for leases is mainly determined by whether the lease is considered to be a finance lease or an operating lease. Management look to the substance of the transaction and the terms and conditions of the leasing arrangements in judging whether all the risks and rewards of ownership are transferred.

Asset impairment testing

The company reviews its non-current assets for impairment at each balance sheet date. In order to assess if impairment exists, management estimates residual values and the remaining economic lives of assets.

3. Operating Surplus

	<u>2011</u>	<u>2010</u>
	£	£
The operating surplus is stated after charging:		
Depreciation of property, plant and equipment	5,038	4,156
Auditors' remuneration	9,185	9,500
	<u> </u>	<u> </u>

**Society of International Gas Tanker and
Terminal Operators Limited**

Financial Statements for the year ended 31st December 2011

Notes (Continued)

4. Property, Plant and Equipment

	<u>Refurbishment Costs</u>	<u>Fixtures, Fittings and Office Equipment</u>	<u>Total</u>
2011			
Cost			
At 1st January 2011	17,544	54,984	72,528
Additions in the year	-	18,260	18,260
At 31st December 2011	<u>17,544</u>	<u>73,244</u>	<u>90,788</u>
Depreciation			
At 1st January 2011	17,544	48,848	66,392
Charge for the year	-	5,038	5,038
At 31st December 2011	<u>17,544</u>	<u>53,886</u>	<u>71,430</u>
Net book value			
At 31st December 2011	£ -	£ 19,358	£ 19,358
2010			
Cost			
At 1st January 2010	17,544	54,708	72,252
Additions in the year	-	276	276
At 31st December 2010	<u>17,544</u>	<u>54,984</u>	<u>72,528</u>
Depreciation			
At 1st January 2010	17,544	44,692	62,236
Charge for the year	-	4,156	4,156
At 31st December 2010	<u>17,544</u>	<u>48,848</u>	<u>66,392</u>
Net book value			
At 31st December 2010	£ -	£ 6,136	£ 6,136

**Society of International Gas Tanker and
Terminal Operators Limited**

Financial Statements for the year ended 31st December 2011

Notes (Continued)

5. Employee Benefit Expense

	<u>2011</u>	<u>2010</u>
Wages and salaries	253,021	247,335
Social security costs	31,991	45,447
Pension contributions and healthcare	32,535	29,618
Other payroll costs	1,596	9,535
	<u>£ 319,143</u>	<u>£ 331,935</u>

6. Trade and Other Receivables

	<u>2011</u>	<u>2010</u>
Trade receivables	551,007	226,760
Prepayments and accrued income	86,017	45,595
	<u>£ 637,024</u>	<u>£ 272,355</u>

7. Trade and Other Payables

	<u>2011</u>	<u>2010</u>
Trade payables	19,355	52,435
Other payables	-	4,060
Social security and other taxation	13,941	25,976
Accruals and deferred income	653,574	351,284
	<u>£ 686,870</u>	<u>£ 433,755</u>

8. Share Capital

	<u>2011</u>		<u>2010</u>	
	\$	£	\$	£
Authorised				
50,000 voting shares of U.S.\$1 each	<u>50,000</u>		<u>50,000</u>	
Issued				
39,300 (2010: 37,200) voting shares of U.S.\$1 par value	<u>39,300</u>	<u>25,188</u>	<u>37,200</u>	<u>23,617</u>

**Society of International Gas Tanker and
Terminal Operators Limited**

Financial Statements for the year ended 31st December 2011

Notes (Continued)

8. Share Capital (Continued)

The company's by-laws provide that each new Member shall undertake to subscribe for the same number of voting shares as held by each other Member.

Presently, each Member holds 300 voting shares which must be transferred or surrendered at par value upon withdrawal from membership. Details of share transactions at par value are as follows:

	<u>2011</u>	<u>2010</u>
	(Number of Shares)	
Voting shares		
Number of voting shares brought forward	37,200	36,000
Issued to new members	2,100	1,200
Number of voting shares carried forward	<u>39,300</u>	<u>37,200</u>

9. Taxation

The company has received an undertaking from the Bermuda Government that in the event of there being enacted in Bermuda any legislation imposing tax computed on profits or income, or computed on any capital assets, gain or appreciation, or any tax in the nature of estate duty or inheritance tax, then the imposition of such tax shall not be applicable to this company or to any of its operations nor to the shares, debentures or other obligations of the company until 28th March 2016.

10. Operating Lease Commitments

The company has annual commitments under non cancellable operating leases which expire:

	<u>Land and Buildings</u>		<u>Office Equipment</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Within one year	52,570	52,570	16,668	21,863
Between two and five years	105,140	157,710	28,090	44,758
Over five years	52,570	105,140	-	-
	<u>£ 210,280</u>	<u>£ 315,420</u>	<u>£ 44,758</u>	<u>£ 66,621</u>

**Society of International Gas Tanker and
Terminal Operators Limited**

Financial Statements for the year ended 31st December 2011

Notes (Continued)

11. Capital Structure

The capital structure of the company includes all components of equity. Total equity at 31st December 2011 was £1,648,565 (2010: £1,407,368). The company's objectives when managing capital are:

- to safeguard the company's ability to continue as a going concern; and
- to enhance the ability of the company to support its members by sustaining a strong balance sheet position.

12. Risk and Financial Instruments

The following information is presented in order to assist users of the financial statements in assessing the extent of risk related to financial instruments:

Categories of financial assets

	<u>2011</u>	<u>2010</u>
<u>Financial assets</u>		
Loans and receivables (including cash and cash equivalents)	£ 2,316,077	£ 1,834,987
	<u> </u>	<u> </u>
<u>Financial Liabilities</u>		
Financial liabilities at amortised cost	£ 686,870	£ 433,755
	<u> </u>	<u> </u>

The fair values of the company's financial instruments approximate their carrying values. There are no financial assets or liabilities measured at fair value in the balance sheet.

Financial risk management

The company's overall risk management policy focuses on seeking to limit potential adverse effects on the company's financial performance. The company does not use derivative financial instruments to mitigate risk.

Interest rate risk

The company's interest-bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The company has no interest bearing liabilities.

**Society of International Gas Tanker and
Terminal Operators Limited**

Financial Statements for the year ended 31st December 2011

Notes (Continued)

12. Risk and Financial Instruments (continued)

The tables below summarise the group's exposure to interest rate risk at 31st December 2011 and 2010:

<u>2011</u>	<u>Total Interest Bearing</u>
Cash and cash equivalents	1,679,053
	£ 1,679,053
Average Yield	0.6%
<u>2010</u>	<u>Total Interest Bearing</u>
Cash and cash equivalents	1,562,632
	£ 1,562,632
Average Yield	0.36%

The company monitors the interest rates to achieve the maximum return possible to the company.

Any change in interest rates has no material impact on the results or equity at the reporting date.

Credit risk

The company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit allowances are made for estimated losses that have been incurred at the balance sheet date.

**Society of International Gas Tanker and
Terminal Operators Limited**

Financial Statements for the year ended 31st December 2011

Notes (Continued)

12. Risk and Financial Instruments (continued)

Concentrations of credit risk exist to the extent that at 31st December 2011 and 2010 all current accounts and short-term deposits were mainly held with two financial institutions with credit ratings according to Standard and Poor's as follows:

<u>Institution</u>	<u>Credit rating</u>	<u>2011</u>	<u>2010</u>
HSBC	AA	48,333	55,802
Bank of Bermuda	AA-	1,630,720	1,506,830
		<u>£ 1,679,053</u>	<u>£ 1,562,632</u>

The company monitors credit risk on a regular basis and manages its credit risk by placing bank deposits with reliable financial institutions.

13. Recent Accounting Pronouncements

(a) New interpretations and revised standards effective for the year ended 31st December 2011

The Company has adopted the new interpretations and revised standards effective for the year ended 31st December 2011. The adoption of these interpretations and revised standards had no impact on the disclosures and presentation of the financial statements during the year.

(b) Standards and interpretations in issue but not yet effective

A number of new standards and amendments to existing standards have been published which are mandatory, but are not effective for the year ended 31st December 2011. The directors do not anticipate that the adoption of these revised standards and interpretations will have a significant impact on the figures included in the financial statements in the period of initial application other than the following:

IFRS 9: Financial instruments

The standard makes substantial changes to the recognition and measurement of financial assets and financial liabilities and derecognition of financial assets. In the future there will only be two categories of financial assets; those at fair value through profit and loss and those measured at amortised cost.

Most financial liabilities will continue to be carried at amortised cost, however, some financial liabilities will be required to be measured at fair value through profit and loss, for example derivative financial instruments, with changes in the liabilities' credit risk recognised in other comprehensive income.

The standard is effective for accounting periods beginning on or after 1st January 2015.