

Society of International Gas Tanker & Terminal Operators Ltd



2014

Annual Report

Report and Financial Statements
to 31st December 2014



2014

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PRESIDENT'S REPORT



Dear colleagues,

I am pleased to present our annual report, after an extremely busy and eventful year. A year white stoned with the joint celebrations of 50 years of LNG shipping and 35 years of SIGTTO. Both anniversaries have been celebrated at Livorno during the last October Panel Meeting.

The economic crisis has affected all markets during 2014 and the unexpected fall of oil prices during the last quarter has further upset all the energy strategies. Nevertheless the gas market has shown its robustness and has continued to develop.

The outlook remains definitely positive for the Gas Industry. The latest forecast of the International Energy Agency confirmed a steady growth of Gas (+ 1, 6% per year) over the next few years, and grant gas an increasing share in the energy mix, from 21% to 24%, in 2040. The LNG segment remains the most successful with a healthy perspective despite the depressed price environment. Large new projects and development have been launched or confirmed, and the number of exporting and importing countries has now reached respectively 19 and 29. The development of unconventional gas and in particular the US production has also contributed to boost the activity and the future exports will add more strength.

On the technical side, new concepts and innovations have also emerged. FLNG terminals will soon come on stream with several units announced during the period 2015 -2018. For LNG carriers, new propulsion engine type with slow speed diesel engines is becoming a widely chosen technology and will allow a better energy efficiency. New or enhanced containment systems have also been proposed to the market. Artic vessels with ice breaking capacity and innovative azimuthal propulsion system have been ordered for the giant Yamal project in Russia and will soon open the Northern route to LNG. The LPG has also been very active with a buoyant VLGC segment. Indeed the new building activity and the ordering of the new ship has been particularly high with 65 new vessels ordered and a total order book close to 150 vessels, the downside effect being the risk of a potential overcapacity of transport. The niche segment of LNG bunkering vessels seems to take shape with the first units ordered. LNG as fuel, as promoted by SGMF, is attracting growing interest and SIGTTO has expressed continuing support to SGMF and has kept very close relationship.

This favourable and changing context provides SIGTTO with an exciting time and results in an ever-increasing range of activity and a growing and geographically diversified membership. To better shape the role of the society in the future, and to ensure society has the resources required to meet the demand of the membership, the Secretariat has engaged in a strategic review. The fundamental principles of a Strategic Plan have already been adopted and this will be fully in place during 2015.

Within the recent IMO development and European regulations, I am pleased to report the following significant steps:

- The closing-out of the approval of the revised International Gas Carrier Code (IGC Code). The draft revised International Gas Carrier (IGC) Code was adopted at the 93rd Session of IMO's Maritime Safety Committee (MSC 93) in May 2014. The code will enter in force on 1st

Jan 2016 and be implemented on 1st July 2016. The revised IGC code will not be retroactive, but will only apply to vessels built after the entry-into-force date.

- Following BLG 17, the IMO Correspondence Group has been reconvened to progress the IGF Code development. Focus remains on LNG as Fuel but the group has been instructed to also progress methyl alcohol and low-flash diesel as alternative fuels. This code will enter in force one year after the IGC code, meaning on 1st Jan 2017. It is important to note that Gas carriers using cargo as fuel and complying with IGC Code Chapter 16 are exempt from the IGF Code.
- Several European flag administrations have begun amending LNG Carrier International Air Pollution Prevention (IAPP) certificates to note equivalency in accordance with the European Commission decision to allow steam-propelled LNG carriers to use 0.5 per cent sulphur in dual-fuel mode within the North Sea emission control area (ECA). Recognition of this degree of equivalency obviates the need for extensive modifications such as separate distillate fuel systems and burner management changes. Work continues in the effort to gain US acceptance of equivalency in the North American and Caribbean ECAs.
- The completion of the new document dealing with Emergency response: "Support craft at liquefied gas facilities, principles of emergency response and protection- Onshore". Support craft perform a vital role in assisting with safe operations and emergency response for liquefied gas carriers and facilities. The effectiveness of this service could be improved by a more up to date approach and an improved understanding of the hazards, barriers, credible scenarios and credible response strategies.
- This document provides information for support craft on emergency response strategy to major incidents, which includes ISPS and guard zone duties, but not normal operations such as berthing and unberthing. Responses to minor incidents and occupational safety incidents are not covered in this document. It is not possible to dictate exactly what should be done in an emergency as every circumstance will be different, so this document only considers a few typical scenarios.

The Society has also been also active through its numerous working groups including: Human Factors, Terminal Competencies, Tugs in Ship and Terminal Emergency Responses, Gas Detection, Ship to Ship Transfer, HMPE working groups etc. The society has also further developed its library of publications with new documents or updated versions of existing ones.

This significant amount of work, as well as the successful organization of the various Panels and meetings, are the result of the efforts of our efficient and dynamic London based Secretariat, lead by Andrew Clifton as General Manager. And indeed this is achievable only with support from members. Many thanks for the commitment and expert participation of members contributing to keep the Society growing and facing the challenges and the evolutions ahead of us.

Luc GILLET
SIGTTO President

August 2015

GENERAL MANAGER'S REPORT



2014 was another busy and eventful year for the Society.

Over the year, the Society had eight members resign, and eleven join. At year end we had a total of 171 Full and Associate Members.

The Directors met three times during the year as per the Bye-Laws. The spring board meeting was held in Paris kindly hosted by TOTAL and the autumn meetings and AGM were held in Oslo kindly hosted by BW Gas and Hoegh

LNG.

The 2014 Report of Accounts is attached. 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 comfortably in excess of this target. The Society’s finances remain on a sound footing.

The General Purposes Committee (GPC) met twice in the year to manage the Society’s affairs. The meetings were in Seoul in March and Livorno in October. 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 meetings were held on the days following the spring board in Paris and the autumn GPC meeting in Livorno. The panel is the main meeting forum for the members and was well attended on both occasions. The Livorno meeting focused on the celebration of 50 years of LNG shipping and also 35 years of SIGTTO.

The special supplement marking 50 years of LNG Shipping has proved to be very popular. This publication was a commemorative SIGTTO/GIIGNL publication edited and published by Riveria maritime. It is free and copies are available from the secretariat for those who have not yet seen a copy or wish further copies for onward distribution.

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 NGOs, principally OCIMF, ICS, SGMF, Intertanko and BIMCO. Where appropriate, we co-ordinate our activities to ensure a consistent industry message to the wider world.

After much effort by members and the wider industry, the revised International Gas Carrier Code (IGC Code) continues its process through the IMO system and is expected to come into force in January 2016 and be implemented in July 2016.

The new IGF Code also continues its progression through IMO and is expected to come into force in January 2017.

The Secretariat maintains a program of external engagements to promote the Society's profile, these include speaking to various bodies and chairing and presenting papers at conferences such as Gastech. In March, SIGTTO took a high profile at the Gastech conference in South Korea where the General Manager co-chaired a session and Rick Boudiette (Technical advisor) presented on EEDI for LNG vessels.

"The Society for Gas as a Marine Fuel" (SGMF) is now fully established and SIGTTO will continue to support and assist this new NGO dealing with the use of LNG as a marine fuel.

The Society continues to be the principal voice for the liquefied gas industry. I look forward immensely to 2015 as SIGTTO General Manager, meeting and working with the membership, this is a very exciting and challenging time to be in this role.

Andrew Clifton
General Manager

July 2015

SIGTTO at a Glance

- SIGTTO was formed in 1979 with 7 members, within one year there were 20 members. At the end of 2014 SIGTTO had 133 Full Members and 38 Associate Members.
- 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 Liaison Office has 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 2014

Mr Luc Gillet	Total SA
Mr David Furnival	Bernard Schulte Shipmanagement [VP]
Mr. K.Ban	Chubu Electric [VP]
Ms Anita Odedra	BG LNG Services
Mr Jim Ellis	BP Shipping
Mr Øyvind Solem	BW Gas
Mr Jim Kelley	Chevron Shipping
Mr. Paul Oliver	China LNG Shipping
Mr Edwin Mortimer	Company Secretary
Mr Peter Pearman	Conyers Dill & Pearman
Mr Keith Trotter	Exxonmobil Development Company
Mr Rudolf Adamiak	GDF SUEZ
Mr Stephan Tschudi-Madsen	Hoegh LNG
Mr Faisal Ismail	MISC
Mr Takeshi Hashimoto	MOL
Mr Akira Kono	NYK Line
Mr. Yutaka Kunigo	Tokyo Gas
Mr Abdullah Al-Sulaiti	Qatar Gas
Mr David Glendinning	Teekay Shipping
Mr. Adri Postema	Shell

Facts & Figures 2014

LNGCs

SIGTTO Members own, operate or have a significant interest in 94% of the World total of 421 ships with a total capacity of 58.9 million m³.

Of the 34 LNGC new-buildings delivered in 2014 all are either owned partially or entirely and/or operated by SIGTTO members.

LPGCs

Of the World total of 1276 LPG ships, which has a total capacity of 22.3 million m³ SIGTTO members own or operate 315 ships with a capacity totalling 11.0 million m³. This equates to around 50% of total vessel capacity, i.e. membership is heavily loaded towards the larger vessels.

LNG Terminals

SIGTTO members have interests in 25 of the 27 LNG export terminals.

Of the 96 conventional regas terminals, members have an interest in 81 and all 15 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 71 terminals with 9.8 million m³ total storage capacity.

Sources:

GIGNL "The LNG Industry"

IHS World Fleet Statistics

SIGTTO Membership Database and other internal records

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

REPORT AND FINANCIAL STATEMENTS

31st DECEMBER 2014

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 2014 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 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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

**Statement of Comprehensive Income
For the year ended 31st December 2014**

	<u>Note</u>	<u>2014</u>	<u>2013</u>
Revenue			
Members' annual dues		1,098,734	1,096,078
Royalties		87,464	161,248
Interest receivable		1,145	11,766
		<hr/>	<hr/>
Members' annual dues	2(b)	1,187,343	1,269,092
Expenditure			
Employee benefit expense	5	279,644	389,324
Office supplies, web and library costs		51,234	56,240
Members' meetings		245,209	228,520
Rents, rates and services		128,460	130,264
Professional fees		433,909	316,550
Project costs		1,000	32,363
Communications		9,435	5,096
Depreciation	4	6,665	7,448
Miscellaneous expenses		7,269	15,670
		<hr/>	<hr/>
		1,162,825	1,181,475
		<hr/>	<hr/>
Surplus for the year		£ 24,518	£ 87,617
		<hr/> <hr/>	<hr/> <hr/>

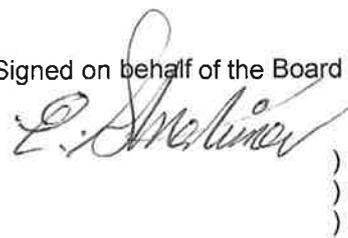
The company has no items of other comprehensive income.

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

Balance Sheet at 31st December 2014

	<u>Note</u>	<u>2014</u>	<u>2013</u>
Non-current Assets			
Property, Plant and Equipment	4	1,442	8,031
Non-current element loan receivable	6	233,334	-
		<u>234,776</u>	<u>8,031</u>
Current Assets			
Trade and other receivables	6	688,382	827,559
Cash and cash equivalents		1,709,443	1,671,280
		<u>2,397,825</u>	<u>2,498,839</u>
Total Assets		<u>£ 2,632,601</u>	<u>£ 2,506,870</u>
Current Liabilities			
Trade and other payables	7	752,857	653,402
Total Liabilities		<u>752,857</u>	<u>653,402</u>
Capital and Reserves			
Called up share capital	8	29,168	27,410
Retained earnings		1,850,576	1,826,058
Total Equity		<u>1,879,744</u>	<u>1,853,468</u>
Total Liabilities and Equity		<u>£ 2,632,601</u>	<u>£ 2,506,870</u>

Signed on behalf of the Board and authorised for issue on



Directors



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

**Statement of Changes in Equity
For the year ended 31st December 2014**

	<u>Share Capital</u>	<u>Retained earnings</u>	<u>Total</u>
At 1st January 2013	26,288	1,738,441	1,764,729
Issue of shares to new members 1,800 shares	1,122	-	1,122
Surplus for the year	-	87,617	87,617
At 31st December 2013	<u>27,410</u>	<u>1,826,058</u>	<u>1,853,468</u>
Issue of shares to new members 3,000 shares (note 8)	1,758	-	1,758
Surplus for the year	-	24,518	24,518
At 31st December 2014	<u>£ 29,168</u>	<u>£ 1,850,576</u>	<u>£ 1,879,744</u>

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

**Statement of Cash Flows
For the year ended 31st December 2014**

	<u>2014</u>	<u>2013</u>
Operating Activities		
Surplus for the year	24,518	87,617
Adjustment for:		
Interest receivable	(1,145)	(11,766)
Loss allowances	-	-
Depreciation	6,665	7,448
	<hr/>	<hr/>
Operating surplus before working capital changes	30,038	83,299
Decrease in trade and other receivables	(94,157)	(353,736)
Decrease in trade and other payables	99,455	76,083
	<hr/>	<hr/>
Cash inflow/(outflow) from Operating Activities	35,336	(194,354)
Investing Activities		
Interest received	1,145	11,766
Payments to acquire property, plant and equipment	(76)	(1,275)
	<hr/>	<hr/>
Cash inflow from Investing Activities	1,069	10,491
Financing Activities		
Issue of share capital	1,758	1,122
	<hr/>	<hr/>
Cash inflow from Financing Activities	1,758	1,122
Increase/(Decrease) in Cash in the Year	38,163	(182,741)
Cash and cash equivalents at Beginning of Year	1,671,280	1,854,021
	<hr/>	<hr/>
Cash and cash equivalents at End of Year	£ 1,709,443	£ 1,671,280
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**Society of International Gas Tanker and
Terminal Operators Limited**

Financial Statements for the year ended 31st December 2014

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 2014

Notes (Continued)

2. Significant Accounting Policies (continued)

(f) 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.

(g) 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:

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>2014</u>	<u>2013</u>
	£	£
The operating surplus is stated after charging:		
Depreciation of property, plant and equipment	6,665	7,448
Auditors' remuneration	9,000	9,185
Auditors' remuneration for other services	8,245	-
	6,665	7,448

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

Financial Statements for the year ended 31st December 2014

Notes (Continued)

4. Property, Plant and Equipment

	<u>Refurbishment Costs</u>	<u>Fixtures, Fittings and Office Equipment</u>	<u>Total</u>
2014			
Cost			
At 1st January 2014	17,544	77,527	95,071
Additions in the year	-	76	76
At 31st December 2014	<u>17,544</u>	<u>77,603</u>	<u>95,147</u>
Depreciation			
At 1st January 2014	17,544	69,496	87,040
Charge for the year	-	6,665	6,665
At 31st December 2014	<u>17,544</u>	<u>76,161</u>	<u>93,705</u>
Net book value			
At 31st December 2014	£ -	£ 1,442	£ 1,442
2013			
Cost			
At 1st January 2013	17,544	76,252	93,796
Additions in the year	-	1,275	1,275
At 31st December 2013	<u>17,544</u>	<u>77,527</u>	<u>95,071</u>
Depreciation			
At 1st January 2013	17,544	62,048	79,592
Charge for the year	-	7,448	7,448
At 31st December 2013	<u>17,544</u>	<u>69,496</u>	<u>87,040</u>
Net book value			
At 31st December 2013	£ -	£ 8,031	£ 8,031

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

Financial Statements for the year ended 31st December 2014

Notes (Continued)

5. Employee Benefit Expense

	<u>2014</u>	<u>2013</u>
Wages and salaries	228,583	295,164
Social security costs	27,880	36,667
Pension contributions and healthcare	18,169	40,123
Other payroll costs	5,012	17,370
	<u>£ 279,644</u>	<u>£ 389,324</u>

6. Trade and Other Receivables

	<u>2014</u>	<u>2013</u>
Trade receivables	488,819	418,975
Prepayments and accrued income	80,439	120,387
Social security and other taxation	120	10,584
Other receivables	352,338	277,613
	<u>£ 921,716</u>	<u>£ 827,559</u>

Included in other receivables is a term loan provided to The Society for Gas as a Marine Fuel for £350,000 (2013 £277,445). The loan is unsecured, repayable in three yearly instalments starting in May 2015 and attracts interest rate of 0.5%. The fair value is considered to be materially equal to the carrying value. The non-current element of this loan has been shown under non-current assets on the balance sheet.

	<u>2014</u>
Within one year	116,667
Between two and five years	233,333
	<u>£ 350,000</u>

7. Trade and Other Payables

	<u>2014</u>	<u>2013</u>
Trade payables	31,173	25,723
Social security and other taxation	53,852	10,972
Accruals and deferred income	664,141	616,707
Other payables	3,691	-
	<u>£ 752,857</u>	<u>£ 653,402</u>

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

Financial Statements for the year ended 31st December 2014

Notes (Continued)

8. Share Capital

	<u>2014</u>		<u>2013</u>	
	\$	£	\$	£
Authorised 50,000 voting shares of U.S.\$1 each	50,000		50,000	
Issued Voting shares of U.S.\$1 par value	45,900	29,165	42,900	27,410

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>2014</u>	<u>2013</u>
	(Number of Shares)	
Voting shares		
Number of voting shares brought forward	42,900	41,100
Issued to new members	3,000	1,800
Number of voting shares carried forward	45,900	42,900

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>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Within one year	52,570	52,570	28,617	30,790
Between two and five years	39,428	91,998	21,390	50,482
	£ 91,998	£ 144,568	£ 50,007	£ 81,272

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

Financial Statements for the year ended 31st December 2014

Notes (Continued)

11. Capital Structure

The capital structure of the company includes all components of equity. Total equity at 31st December 2014 was £1,879,744 (2013: £1,853,468). 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>2014</u>	<u>2013</u>
<u>Financial assets</u>		
Loans and receivables (including cash and cash equivalents)	£ 2,631,159	£ 2,498,839
<u>Financial Liabilities</u>		
Financial liabilities at amortised cost	£ 752,857	£ 653,402

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.

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Notes (Continued)

12. Risk and Financial Instruments (continued)

The tables below summarise the group's exposure to interest rate risk at 31st December 2014 and 2013:

<u>2014</u>	Fixed Rate	Interest Bearing	Total Interest Bearing
Cash and cash equivalents	-	1,709,443	1,709,443
Loans – One year	116,667	-	116,667
Two – five years	233,333	-	233,333
	<u>£ 350,000</u>	<u>£ 1,709,443</u>	<u>£ 2,059,443</u>
Average Yield			<u>0.1%</u>

<u>2013</u>	Fixed Rate	Floating Rate	Total Interest Bearing
Cash and cash equivalents	-	1,671,280	1,671,280
Loans – One year	116,667	-	116,667
Two-five years	160,778	-	160,778
	<u>£ 277,445</u>	<u>£ 1,671,280</u>	<u>£ 1,948,725</u>
AverageYield			<u>0.7%</u>

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. In addition to trade receivables, a new loan was granted in the prior year to the Society for Gas as a Marine Fuel. This is unsecured and repayable in instalments over three years. Allowances are made for estimated losses that have been incurred at the balance sheet date. During the year the company made no allowances for losses (2013: £Nil).

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Notes (Continued)

12. Risk and Financial Instruments (continued)

Concentrations of credit risk exist to the extent that at 31st December 2014 and 2013 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>2014</u>	<u>2013</u>
HSBC	AA-	29,497	128,547
HSBC Bank of Bermuda	A-	1,679,946	1,542,733
		<u>£ 1,709,443</u>	<u>£ 1,671,280</u>

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

Currency risk

The company monitors its exposure to currency risk on a regular basis. There are no other monetary assets and liabilities in currencies other than sterling. Any change to exchange rates would have no material impact on equity and the surplus for the year at the reporting date.

13. Recent Accounting Pronouncements

a) New interpretations and revised standards effective for the year ended 31 December 2014

The Group has adopted the new interpretations and revised standards effective for the year ended 31 December 2014. 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 31 December 2014. 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:

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Notes (Continued)

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, although there are current proposals in issue to increase these to three. Under the current issue, financial assets are recognised at either fair value through profit and loss or measured at amortised cost. On adoption of the standard, the Group will have to re-determine the classification of its financial assets, specifically those classified as available-for-sale and held-to-maturity financial assets.

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 or loss, for example derivative financial instruments, with changes in the liabilities' credit risk recognised in other comprehensive income.

The standard did have an effective date for accounting periods beginning on or after 1 January 2015. However, the standard since it was originally issued in November 2009, has undergone subsequent amendments, in October 2009, December 2011 and November 2013. The November 2013 amendment removed the effective date, which will be added once the standard has been finalised.