

Society of International Gas Tanker & Terminal Operators Ltd



2015

Annual Report

Report and Financial Statements
to 31st December 2015



2015

Contents

President's Report

General Manager's Report

SIGTTO at a Glance

List of Directors

Industry Facts and Figures

Audited Statement of 2015

Accounts

Annual Report

SIGTTO

PRESIDENT'S REPORT



I am very pleased to present our annual report for 2015, again a very intensive and exciting year for the Gas industry and our Society!

The LNG market is set for significant growth in 2016, with ten new liquefaction trains and a surge of more than 20 Mt of additional supply. The fleet of LNG vessels continues to develop, overpassing 400 vessels at the end of 2015 with many new vessels to come. Big capacity vessel remains the most attractive size but we are also seeing more and more interest for the so called small scale LNG vessels. LPG segment has also been very active. US exports of ethane

and shale gas have now become a reality with the first shipments beginning of 2016; this is a new era that has started. The downside of this strong supply and a comparatively weak demand is a rather depressed environment. From this perspective 2015 has been in some ways a consolidation year. We may have to wait still some time before this imbalance is reduced.

In term of innovation, 2015 has confirmed the trend of the previous year with the use of new technologies for ship propulsion systems and with continuous progress made on R&D related to containment systems aiming at reducing boil-off rate. New FSRUs are also under construction and will contribute to the dynamism of the market.

On the SIGTTO side, we are very pleased to record the highest membership level at the end of 2015 with more than 200 members. Nineteen companies have joined SIGTTO during the year, which confirms again the leading role of the Society in continually promoting best practices in the liquefied and terminal industries. The Society is fully prepared to keep on growing and meeting the expectation of the membership and will adapt its resources accordingly. The new strategic plan developed by the secretariat and adopted by the board of Directors is now drawn up and outlines the directions for the years to come. The goal of this so called "2020 Vision" has been laid down as follows:

"SIGTTO will be recognised as the foremost gas shipping and terminal industry body, a modern centre of industry expertise, with all appropriate resources available to address industry technical and operational issues. In addition SIGTTO will be the industry advocate for the proactive enhancement of safe and sustainable international gas terminal and shipping operations through the provision of consistent guidelines and measures".

Two key publications have been produced and are now published:

- The fourth edition of Liquefied Gas Handling Principles. This revised version of one of the SIGTTO best-sellers will provide a great deal of updates and detailed information. The document is now available.
- The offshore part of Support Craft at Liquefied Gas Facilities, Principles of Emergency Response and Protection. The onshore document was published last year and is now supplemented with the second part addressing hazards, barriers and response strategies at offshore facilities.

In addition, dedicated working groups have been formed and are tasked to address the following topics:

- Emergency Release systems (ERS) Failures. The group will examine all safety aspects relating to operation of ERS. A guidance document addressing best practice will be developed in 2016.

- 2011 SIGTTO publication Manifold Recommendations for Liquefied Gas Carriers will be amended and revised. The revised publication is expected in 2017.
- LPG Ship/Shore interface. Different issues related to ship/shore interactions, draining, purging, venting ESD, and moorings will be reviewed and possible root causes of ship/shore related incidents will be analysed. This will allow a revision of the 1997 SIGTTO publication Ship/shore interface Safe working Practice for LPG and Liquefied Chemical Gas Cargoes.

A new working Group dealing with the “Human Element Factor” has also just been formed and the terms of reference have been approved during our last board meeting. Human Element being clearly the most significant contributing factor to any Industrial incident, this is a major task for SIGTTO.

In terms of international regulations, 2015 has also being very important as two major codes are now ready for implementation:

- Revised IGC code is in force since 1st of January 2016 with an implementation date of 1st July 2016. The code is applicable to new built vessels.
- IGF code will enter into force in January 2017. Work on phase 2 covering the use of low flash point diesel, fuel cells and methanol as means of propulsion continues via a correspondence group under the purview of CCC IMO sub-committee.

SIGTTO has maintained along the year a close relationship and cooperation with various NGOs and other organizations working for the benefit of our industry. We are pleased to mention the very interesting publications released by SGMF (Society for Gas as Marine Fuel) during the year.

I would like to conclude this short introduction to our annual report with a warm thank to the intense work of our Secretariat under the leadership of Andrew Clifton and to all members having contributed to these achievements. We all remain at your disposal to meet your expectations and to contribute to maintaining a high safety level across our industry.

Luc GILLET
SIGTTO President

July 2016

GENERAL MANAGER'S REPORT



2015 was another busy and eventful year for the Society.

Over the year, the Society had nine members resign, and nineteen join. At year end we had a total of 178 Full and Associate Members.

The Directors met three times during the year as per the Bye-Laws. The spring board meeting was held in Singapore kindly hosted by IMT and the autumn meetings and AGM were held in London kindly hosted by BP Shipping.

The 2015 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 Shenzhen, China in April and Edinburgh 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 spring GPC in Shenzhen, China in April, there was no autumn panel due to the clash with Gastech. The panel is the main meeting forum for the members and was well attended.

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 with a large focus on the IGC and IGF codes.

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 many years of effort by members and the wider industry, the revised International Gas Carrier Code (IGC Code) will come into force on 1st January 2016 and be implemented on 1st July 2016. The new IGF Code will come into force on 1st 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 October, SIGTTO took a high profile at the Gastech conference in Singapore where the General Manager chaired the shipping session and Rick Boudiette (Technical advisor) presented on the technical lessons learnt from 50 years of LNG shipping.

As LNG shipping embarks on its second half century, what we should not forget is, of course, the very proud safety record we have as an industry. SIGTTO remains the industry leader for best practice and technical support for liquefied gas shipping and terminals and is at the forefront of maintaining this safety record. The society is required to change and adopt to meet the ever changing industry requirements and to ensure that it remains relevant and fit

for purpose to meet the needs and expectations of the membership in the 21st century. In order to achieve this, the finalization of the Strategic Plan was completed at the board and AGM in November of 2015. This plan outlines the direction the society intends to go for the rest of the decade and progress will be reviewed at each board.

The Society continues to be the principal voice for the liquefied gas industry. I look forward immensely to 2016 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 2016

SIGTTO at a Glance

- SIGTTO was formed in 1979 with 7 members, within one year there were 20 members. At the end of 2015 SIGTTO had 135 full members and 43 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 2015

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 Chris Bailey	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. Shin Yamagami	Tokyo Gas
Mr Abdullah Al-Sulaiti	Nakilat
Mr David Glendinning	Teekay Shipping
Mr. Adri Postema	Shell

Facts & Figures 2015

LNGCs

SIGTTO Members own, operate or have a significant interest in 95% of the World total of 463 ships with a total capacity of 63.3 million m³.

Of the 33 LNGC new-buildings delivered in 2015 all are either owned partially or entirely and/or operated by SIGTTO members.

LPGCs

Of the World total of over 1300 LPG ships, which has a total capacity of over 22 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 26 of the 28 LNG export terminals.

Of the 94 conventional regas terminals, members have an interest in 81 and all 23 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 2015

**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 balance sheet as at 31st December 2015 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.

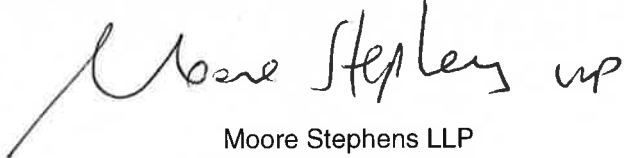
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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 2015, 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 May 2016

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

**Statement of Comprehensive Income
For the year ended 31st December 2015**

	<u>Note</u>	<u>2015</u>	<u>2014</u>
Revenue			
Members' annual dues		1,138,661	1,098,734
Royalties		133,204	87,464
Interest receivable		2,689	1,145
	2(b)	<u>1,274,554</u>	<u>1,187,343</u>
Expenditure			
Employee benefit expense	5	394,590	279,644
Office supplies, web and library costs		53,151	51,234
Members' meetings		177,520	245,209
Rents, rates and services		132,279	128,460
Professional fees		304,485	433,909
Project costs		6,477	1,000
Communications		4,145	9,435
Depreciation	4	1,350	6,665
Miscellaneous expenses		10,091	7,269
		<u>1,084,088</u>	<u>1,162,825</u>
Surplus for the year		<u>£ 190,466</u>	<u>£ 24,518</u>

The company has no items of other comprehensive income.

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

Statement of Financial Position at 31st December 2015

	<u>Note</u>	<u>2015</u>	<u>2014</u>
Non-current Assets			
Property, Plant and Equipment	4	456	1,442
Non-current element loan receivable	6	233,334	233,334
		<u>233,790</u>	<u>234,776</u>
Current Assets			
Trade and other receivables	6	483,201	688,382
Cash and cash equivalents		1,729,638	1,709,443
		<u>2,212,839</u>	<u>2,397,825</u>
Total Assets		£ <u>2,446,629</u>	£ <u>2,632,601</u>
Current Liabilities			
Trade and other payables	7	375,474	752,857
Total Liabilities		<u>375,474</u>	<u>752,857</u>
Capital and Reserves			
Called up share capital	8	30,113	29,168
Retained earnings		2,041,042	1,850,576
Total Equity		<u>2,071,155</u>	<u>1,879,744</u>
Total Liabilities and Equity		£ <u>2,446,629</u>	£ <u>2,632,601</u>

Signed on behalf of the Board and authorised for issue on 17 May 2016

Directors

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

**Statement of Changes in Equity
For the year ended 31st December 2015**

	<u>Share Capital</u>	<u>Retained earnings</u>	<u>Total</u>
At 1st January 2014	27,410	1,826,058	1,853,468
Issue of shares to new members 3,000 shares	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>
Issue of shares to new members 1,500 shares (note 8)	945	-	945
Surplus for the year	-	190,466	190,466
At 31st December 2015	<u>£ 30,113</u>	<u>£ 2,041,042</u>	<u>£ 2,071,156</u>

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

**Statement of Cash Flows
For the year ended 31st December 2015**

	<u>2015</u>	<u>2014</u>
Operating Activities		
Surplus for the year	190,466	24,518
Adjustment for:		
Interest receivable	(2,689)	(1,145)
Depreciation	1,350	6,665
	<hr/>	<hr/>
Operating surplus before working capital changes	189,127	30,038
Decrease in trade and other receivables	205,181	(94,157)
Decrease in trade and other payables	(377,383)	99,455
	<hr/>	<hr/>
Cash inflow from Operating Activities	16,925	35,336
Investing Activities		
Interest received	2,689	1,145
Payments to acquire property, plant and equipment	(364)	(76)
	<hr/>	<hr/>
Cash inflow from Investing Activities	2,325	1,069
Financing Activities		
Issue of share capital	945	1,758
	<hr/>	<hr/>
Cash inflow from Financing Activities	945	1,758
Increase in Cash in the Year	20,195	38,163
Cash and cash equivalents at Beginning of Year	1,709,443	1,671,280
	<hr/>	<hr/>
Cash and cash equivalents at End of Year	<u>£ 1,729,638</u>	<u>£ 1,709,443</u>

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

Financial Statements for the year ended 31st December 2015

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 2015

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.

3. Operating Surplus

	<u>2015</u>	<u>2014</u>
	£	£
The operating surplus is stated after charging:		
Depreciation of property, plant and equipment	1,350	6,665
Auditors' remuneration	11,805	9,000
Auditors' remuneration for other services	-	8,245
	-	-

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

Financial Statements for the year ended 31st December 2015

Notes (Continued)

4. Property, Plant and Equipment

	Refurbishment <u>Costs</u>	Fixtures, Fittings and Office <u>Equipment</u>	<u>Total</u>
2015			
Cost			
At 1st January 2015	17,544	77,603	95,147
Additions in the year	-	364	364
	<u>17,544</u>	<u>77,967</u>	<u>95,511</u>
At 31st December 2015	<u>17,544</u>	<u>77,967</u>	<u>95,511</u>
Depreciation			
At 1st January 2015	17,544	76,161	93,705
Charge for the year	-	1,350	1,350
	<u>17,544</u>	<u>77,511</u>	<u>95,055</u>
At 31st December 2015	<u>17,544</u>	<u>77,511</u>	<u>95,055</u>
Net book value			
At 31st December 2015	£ -	£ 456	£ 456
	<u>£ -</u>	<u>£ 456</u>	<u>£ 456</u>
2014			
Cost			
At 1st January 2014	17,544	77,527	95,071
Additions in the year	-	76	76
	<u>17,544</u>	<u>77,603</u>	<u>95,147</u>
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
	<u>17,544</u>	<u>76,161</u>	<u>93,705</u>
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
	<u>£ -</u>	<u>£ 1,442</u>	<u>£ 1,442</u>

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

Financial Statements for the year ended 31st December 2015

Notes (Continued)

5. Employee Benefit Expense

	<u>2015</u>	<u>2014</u>
Wages and salaries	322,747	228,583
Social security costs	41,001	27,880
Pension contributions and healthcare	20,692	18,169
Other payroll costs	10,150	5,012
	<u>£ 394,590</u>	<u>£ 279,644</u>

6. Trade and Other Receivables

	<u>2015</u>	<u>2014</u>
Trade receivables	278,047	488,819
Prepayments and accrued income	86,088	80,439
Social security and other taxation	-	120
Other receivables	352,400	352,338
	<u>£ 716,535</u>	<u>£ 921,716</u>

Included in other receivables is a term loan provided to The Society for Gas as a Marine Fuel for £350,000 (2014: £350,000). The loan is unsecured, repayable in three yearly instalments starting in May 2016 (deferred from May 2015) and attracts an 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>2015</u>	<u>2014</u>
Within one year	116,666	116,666
Between two and five years	233,334	233,334
	<u>£ 350,000</u>	<u>£ 350,000</u>

7. Trade and Other Payables

	<u>2015</u>	<u>2014</u>
Trade payables	15,442	31,173
Social security and other taxation	14,865	53,852
Accruals and deferred income	335,035	664,141
Other payables	10,132	3,691
	<u>£ 375,474</u>	<u>£ 752,857</u>

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

Financial Statements for the year ended 31st December 2015

Notes (Continued)

8. Share Capital

	<u>2015</u>		<u>2014</u>	
	\$	£	\$	£
Authorised 60,005 voting shares of U.S.\$1 each	<u>60,005</u>		<u>60,005</u>	
Issued and fully paid Voting shares of U.S.\$1 par value	<u>47,400</u>	<u>30,113</u>	<u>45,900</u>	<u>29,168</u>
Issued and not fully paid Voting shares of U.S.\$1 par value	<u>48,000</u>	<u>30,518</u>	<u>45,900</u>	<u>29,168</u>

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. At 31st December 2015, the Society had unpaid share capital of \$600. Details of share transactions at par value are as follows:

	<u>2015</u>	<u>2014</u>
	(Number of Shares)	
Voting shares		
Number of voting shares brought forward	45,900	42,900
Issued to new members	<u>1,500</u>	<u>3,000</u>
Number of voting shares carried forward	<u>47,400</u>	<u>45,900</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 31st March 2035.

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

Financial Statements for the year ended 31st December 2015

Notes (Continued)

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>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Within one year	41,223	52,570	14,610	28,617
Between two and five years	-	39,428	8,155	21,390
	<u>£ 41,223</u>	<u>£ 91,998</u>	<u>£ 22,765</u>	<u>£ 50,007</u>

11. Capital Structure

The capital structure of the company includes all components of equity. Total equity at 31st December 2015 was £2,071,155 (2014: £1,879,744). 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>2015</u>	<u>2014</u>
<u>Financial assets</u>		
Loans and receivables (including cash and cash equivalents)	<u>£ 2,360,084</u>	<u>£ 2,550,721</u>
<u>Financial Liabilities</u>		
Financial liabilities at amortised cost	<u>£ 103,316</u>	<u>£ 146,491</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.

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

Financial Statements for the year ended 31st December 2015

Notes (Continued)

12. Risk and Financial Instruments (continued)

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.

The tables below summarise the group's exposure to interest rate risk at 31st December 2015 and 2014:

<u>2015</u>	<u>Fixed Rate</u>	<u>Interest Bearing</u>	<u>Total Interest Bearing</u>
Cash and cash equivalents	-	1,729,638	1,729,638
Loans – One year	116,666	-	116,666
Two – five years	233,334	-	233,334
	<u>£ 350,000</u>	<u>£ 1,729,638</u>	<u>£ 2,079,638</u>
Average Yield			<u>0.2%</u>
<u>2014</u>	<u>Fixed Rate</u>	<u>Interest Bearing</u>	<u>Total Interest Bearing</u>
Cash and cash equivalents	-	1,709,443	1,709,443
Loans – One year	116,666	-	116,666
Two – five years	233,334	-	233,334
	<u>£ 350,000</u>	<u>£ 1,709,443</u>	<u>£ 2,059,443</u>
Average Yield			<u>0.1%</u>

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

Financial Statements for the year ended 31st December 2015

Notes (Continued)

12. Risk and Financial Instruments (continued)

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 loan was granted in the prior year to the Society for Gas as a Marine Fuel. This is unsecured and re-payable 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 £Nil (2014: £Nil).

Concentrations of credit risk exist to the extent that at 31st December 2015 and 2014 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>2015</u>	<u>2014</u>
HSBC	AA-	84,372	29,497
HSBC Bank of Bermuda	A-	1,645,266	1,679,946
		<u>£ 1,729,638</u>	<u>£ 1,709,443</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.

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

Financial Statements for the year ended 31st December 2015

Notes (Continued)

13. Recent Accounting Pronouncements

a) New interpretations and revised standards effective for the year ended 31 December 2015

The Group has adopted the new interpretations and revised standards effective for the year ended 31 December 2015. The adoption of these interpretations and revised standards had no material 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 2015. 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*

IFRS 9, 'Financial Instruments', has an effective date for accounting periods beginning on or after 1 January 2018 now that it has been finalised. IFRS 9 outlines the recognition, measurement and derecognition of financial assets and financial liabilities, the impairment of financial assets and hedge accounting.

Financial assets are to be measured at amortised cost, fair value through profit and loss or fair value through other comprehensive income, with an irrevocable option on initial recognition to recognise some equity financial assets at fair value through other comprehensive income. A financial asset can only be measured at amortised cost when the Society has a business model to hold the asset to collect contractual cash flows and the cash flows arise on specific dates and are solely for payment of principal and interest on the principal outstanding. When the requirements for measuring the financial asset at amortised cost are met but the business model also includes the selling of those instruments (mixed business model), then these financial assets are measured at fair value through other comprehensive income. All other financial assets are measured at fair value through profit or loss. On adoption of the standard the Society will have to redetermine the classification of its financial assets, specifically for available-for-sale and held-to-maturity financial assets.

There is a minor change in the measurement and recognition of financial liabilities. Most financial liabilities will continue to be carried at amortised cost, however, financial liabilities that are measured or designated to be measured at fair value through profit and loss are required to recognise changes in the liabilities' credit risk in other comprehensive income. This section of the standard is unlikely to impact the Society when it is applied.

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

Financial Statements for the year ended 31st December 2015

Notes (Continued)

13. Recent Accounting Pronouncements (continued)

IFRS 15 Revenue from contracts with customers

IFRS 15, 'Revenue from contracts with customers', is effective for periods beginning on or after 1 January 2018. The standard has been developed to provide a comprehensive set of principles in presenting the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.

On application of the standard the disclosures are likely to increase. The standard includes principles on disclosing the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers, by providing qualitative and quantitative information.

The Society has not as yet evaluated the full extent of the impact that the standard will have on its financial statements.