

Registration number: 09919887

Pioneer Shipping Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2018



Pioneer Shipping Limited

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Pioneer Shipping Limited

Strategic Report for the Year Ended 31 December 2018

The Directors present their Strategic Report for Pioneer Shipping Limited ('the Company') for the year ended 31 December 2018.

Principal activities

The principal activity of the Company is the contracting of liquified natural gas ('LNG') ship charters for Centrica LNG Company Limited ('CLNG Co'). The vessels will be used by CLNG Co in order to fulfil their obligations to ship LNG to customers.

Review of the business

The financial position of the Company was in line with expectations and is monitored by the Directors of the Company.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with those of Centrica plc group ('the Group') and are not managed separately. Accordingly, the principal risks and uncertainties of the Group, which include those of the Company are discussed on pages 41-50 of the Group's Annual Report and Accounts 2018, which does not form part of this report.

Exit from the European Union

The UK referendum vote in June 2016 to leave the European Union has added to the risks and uncertainties faced by the Company. However, it is considered that the direct impact of these uncertainties on the Company is limited in the short-term. Many details of the implementation process continue to remain unclear. Extricating from the European Union treaties is a task of immense complexity but the Company is well-positioned to manage the possible market impacts. There are also potential tax consequences of the withdrawal and these will continue to be reassessed at each reporting date to ensure the tax provisions reflect the most likely outcome following the withdrawal.

Key performance indicators (KPIs)

The Directors of the Group use a number of KPIs to monitor progress against the Group's strategy. The financial and non-financial performance indicators, which include the Company, are discussed on pages 18 and 19 of the Group's Annual Report and Accounts 2018, which does not form part of this report.

Future developments

The Group continues to implement the results of the 2015 strategic review. This implementation includes a review of how the Group's businesses are structured and may result in future changes to underlying subsidiary business operations including those of the Company.

Pioneer Shipping Limited

Strategic Report for the Year Ended 31 December 2018 (continued)

Approved by the Board on 3 June 2019 and signed on its behalf by:



KATE HUDSON

By order of the Board for and on behalf of Centrica Secretaries Limited
Company Secretary

Company registered in England and Wales, No. 09919887

Registered office:
Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD

Pioneer Shipping Limited

Directors' Report for the Year Ended 31 December 2018

The Directors present their report and the Financial Statements for the year ended 31 December 2018.

Directors of the Company

The Directors who held office during the year were as follows:

David Lee Dunlavy

Arturo Faustino Gallego Diaz

Cassim Mangerah

Jonathan Damian Westby

Peter John Worby

Results and dividends

The results of the Company are set out on page 9. The profit for the financial year ended 31 December 2018 is \$304,000 (2017: \$254,000).

No dividends were paid during the year and the Directors do not recommend the payment of a final dividend.

Future developments

Future developments are discussed in the Strategic Report on page 1.

Going concern

The financial statements have been prepared on a going concern basis as Centrica plc, the ultimate parent company, currently intends to support the Company to ensure it can meet its obligations as they fall due, provided the Company remains a member of the Group. The Directors have received confirmation that Centrica plc intends to support the Company for at least one year after the financial statements were authorised for issue.

Events after the reporting period

Events after the reporting period are detailed in note 17 to the financial statements.

Directors' and officers' liability

Directors' and officers' liability insurance has been purchased by the ultimate parent company, Centrica plc, and was in place throughout the year. The insurance does not provide cover in the event that the Director is proved to have acted fraudulently.

Disclosure of information to auditors

Each of the Directors who held office at the date of approval of this Directors' Report confirm that so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware, and they have taken all steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Pioneer Shipping Limited

Directors' Report for the Year Ended 31 December 2018 (continued)

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, Directors' Report and the Financial Statements in accordance with applicable UK law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Pioneer Shipping Limited

Directors' Report for the Year Ended 31 December 2018 (continued)

Auditors

In accordance with Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and Deloitte LLP will therefore continue in office.

Approved by the Board on 3 June 2019 and signed on its behalf by:



KATE HUDSON

By order of the Board for and on behalf of Centrica Secretaries Limited
Company Secretary

Company registered in England and Wales, No. 09919887

Registered office:
Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD

Pioneer Shipping Limited

Independent Auditors' Report to the Members of Pioneer Shipping Limited

Report on the audit of the financial statements

Opinion

In our opinion, the financial statements of the Company:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Income Statement;
- the Statement of Comprehensive Income;
- the Statement of Financial Position;
- the Statement of Changes in Equity; and
- the related notes 1 to 17.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 (United Kingdom Generally Accepted Accounting Practice).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions related to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Pioneer Shipping Limited

Independent Auditors' Report to the Members of Pioneer Shipping Limited (continued)

Other information

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

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

We have nothing to report in respect of these matters.

Responsibilities of Directors

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

Pioneer Shipping Limited

Independent Auditors' Report to the Members of Pioneer Shipping Limited (continued)

Matters on which we are required to report by exception

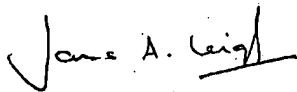
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



James Leigh FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
2 New Street Square
London
EC4A 3BZ

3 June 2019

Pioneer Shipping Limited

Income Statement for the Year Ended 31 December 2018

	Note	2018 \$ 000	2017 \$ 000
Revenue	4	11,341	12,207
Cost of sales	5	<u>(9,982)</u>	<u>(11,303)</u>
Gross profit		1,359	904
Operating costs	5	<u>(1,060)</u>	<u>(566)</u>
Operating profit		299	338
Finance income	7	90	-
Finance cost	7	<u>(14)</u>	<u>(24)</u>
Profit before income tax		375	314
Income tax expense	9	<u>(71)</u>	<u>(60)</u>
Profit for the year from continuing operations		<u>304</u>	<u>254</u>

The notes on pages 13 to 21 form an integral part of these financial statements.

Pioneer Shipping Limited

Statement of Comprehensive Income for the Year Ended 31 December 2018

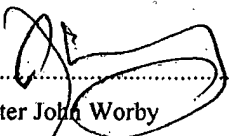
	Note	2018 \$ 000	2017 \$ 000
Profit for the year		<u>304</u>	<u>254</u>
Total comprehensive income for the year		<u><u>304</u></u>	<u><u>254</u></u>

Pioneer Shipping Limited

Statement of Financial Position as at 31 December 2018

	Note	2018 \$ 000	2017 \$ 000
Current assets			
Trade and other receivables	10	1,872	7,393
Cash and cash equivalents	13	<u>1</u>	<u>91</u>
		<u>1,873</u>	<u>7,484</u>
Total assets		<u>1,873</u>	<u>7,484</u>
Current liabilities			
Trade and other payables	11	(1,248)	(6,867)
Deferred income		<u>-</u>	<u>(296)</u>
		<u>(1,248)</u>	<u>(7,163)</u>
Total liabilities		<u>(1,248)</u>	<u>(7,163)</u>
Net assets		<u>625</u>	<u>321</u>
Equity			
Called up share capital	12	-	-
Retained earnings		<u>625</u>	<u>321</u>
Total equity		<u>625</u>	<u>321</u>

The financial statements on pages 9 to 21 were approved and authorised for issue by the Board of Directors on 3 June 2019 and signed on its behalf by:


Peter John Worby
Director

Company number 09919887

Pioneer Shipping Limited

Statement of Changes in Equity for the Year Ended 31 December 2018

	Share capital \$ 000	Retained earnings \$ 000	Total \$ 000
At 1 January 2018	-	321	321
Profit for the year	-	304	304
At 31 December 2018	<u>-</u>	<u>625</u>	<u>625</u>

	Share capital \$ 000	Retained earnings \$ 000	Total \$ 000
At 1 January 2017	-	67	67
Profit for the year	-	254	254
At 31 December 2017	<u>-</u>	<u>321</u>	<u>321</u>

Pioneer Shipping Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

1 General information

The Company is a private company limited by shares, incorporated and domiciled in UK and registered in England and Wales.

The registered office and principal place of business is:

Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD

The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 1.

2 Accounting policies

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. In preparing these Financial Statements the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards adopted by the EU ('Adopted IFRSs'), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

From 1 January 2018, the following amendments are effective in the Company's financial statements. Their first time adoption did not have a material impact on the financial statements:

- IFRS 9: 'Financial Instruments'
- IFRS 15: 'Revenue from contracts with customers'.

The impact of adoption of these standards and the key changes to the accounting policies are disclosed below.

IFRS 9: 'Financial Instruments'

The Company adopted IFRS 9: 'Financial Instruments' from 1 January 2018. In accordance with the transition provisions in the Standard, comparatives have not been restated.

Classification of financial assets

IFRS 9 requires the use of two criteria to determine the classification of financial assets: the entity's business model for the financial assets and the contractual cash flow characteristics of the financial assets. The Standard goes on to identify three categories of financial assets - amortised cost; fair value through profit or loss (FVTPL); and fair value through other comprehensive income (FVOCI). No changes to the classification of financial assets were made following the adoption of IFRS 9.

Impairment

IFRS 9 mandates the use of an expected credit loss model to calculate impairment losses rather than an incurred loss model, and therefore it is not necessary for a credit event to have occurred before credit losses are recognised. The new impairment model applies to the Company's financial assets and loan commitments. No changes to the impairment provisions were made on transition to IFRS 9.

Pioneer Shipping Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

2 Accounting policies (continued)

IFRS 15: 'Revenue from contracts with customers'

The Company adopted IFRS 15: 'Revenue from contracts with customers' from 1 January 2018. The primary impact of application is the revision of accounting policies to reflect the five-step approach to revenue recognition required by IFRS 15, resulting in no adjustments to amounts previously recognised in the financial statements.

Summary of disclosure exemptions

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- the requirements of IAS 7 'Statement of Cash Flows';
- the statement of compliance with Adopted IFRSs;
- the effects of new but not yet effective IFRSs;
- the prior year reconciliations in the number of shares outstanding at the beginning and at the end of the year for share capital;
- disclosures in respect of related party transactions with wholly-owned subsidiaries in a group;
- disclosures in respect of the compensation of key management personnel; and
- disclosures in respect of capital management.

As the consolidated financial statements of the Centrica plc group (the 'Group'), which are available from its registered office, include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of certain disclosures required by IFRS 13 'Fair Value Measurement' and the disclosures required by IFRS 7 'Financial Instruments: Disclosures' have not been provided apart from those which are relevant for the financial instruments which are held at fair value;

These Financial Statements are presented in US Dollar ('USD') (with all values rounded to the nearest thousand dollars (\$000) except when otherwise indicated), which is also the functional currency of the Company. Operations and transactions conducted in currencies other than the functional currency are translated in accordance with the foreign currencies accounting policy set out below.

- The year end exchange rate applied is \$1.28 to £1.00 (2017: \$1.35 to £1.00)
- The average 2018 exchange rate applied is \$1.33 to £1.00 (2017: \$1.30 to £1.00)

The financial Statements are prepared on the historical cost basis.

Going concern

The financial statements have been prepared on a going concern basis, as described in the Directors' Report.

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Revenue recognition

The Company recognises revenue from the contracting of LNG ship charters for CLNG Co. Revenue comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the Company's activities, and is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is shown net of sales/value added tax, returns, rebates and discounts.

Pioneer Shipping Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

2 Accounting policies (continued)

Cost of sales

Cost of sales includes the charter rates and associated charges.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys a right to use the asset or assets. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are capitalised and included in property, plant and equipment at their fair value, or if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The obligations relating to finance leases, net of finance charges in respect of future periods, are included within bank loans and other borrowings, with the amount payable within 12 months included in bank overdrafts and loans within current liabilities.

Lease payments are apportioned between finance charges and reduction of the finance lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Payments under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease.

Foreign currencies

The financial statements of the Company are presented in US Dollar, which is the Company's functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing at the reporting period date, and associated gains and losses are recognised in the income statement for the period.

Taxation

Current tax, including UK corporation tax and foreign tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Tax is recognised in the income statement, except to the extent that it relates to items recognised in equity. In this case, the tax is recognised in equity.

Deferred tax is recognised in respect of all temporary differences identified at the balance sheet date, except to the extent that the deferred tax arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting profit nor taxable profit and loss. Temporary differences are differences between the carrying amount of the Company's assets and liabilities and their tax base.

Deferred tax assets are recognised only to the extent that it is probable that the deductible temporary differences will reverse in the future and there is sufficient taxable profit available against which the temporary differences can be utilised.

The amount of deferred tax provided is based on the expected manner of realisation or settlement using tax rates that have been enacted or substantively enacted at the balance sheet date.

Pioneer Shipping Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

2 Accounting policies (continued)

Financial assets and liabilities

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised when the Company no longer has the rights to cash flows, the risks and rewards of ownership or control of the asset. Financial liabilities are de-recognised when the obligation under the liability is discharged, cancelled or expires.

Trade and other receivables

Trade and other receivables include financial assets representing the contractual right to receive cash or other financial assets from trading and energy procurement counterparties. Trade receivables are initially recognised at fair value, which is usually the original invoice amount, and are subsequently held at amortised cost using the effective interest method less an allowance for impairment losses. Changes in the Company's impairment policy as a result of the application of IFRS 9 are shown at note 2. Balances are written off when recoverability is assessed as being remote. If collection is due in one year or less, receivables are classified as current assets. If not they are presented as non-current assets.

Prepayments and accrued income comprise payments made in advance relating to the following year, and income relating to the current year, which will not be invoiced until after the reporting date.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds received. Own equity instruments that are re-acquired (treasury or own shares) are deducted from equity. No gain or loss is recognised in the Company's income statement on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Interest-bearing loans and other borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Pioneer Shipping Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the Directors 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 these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

There are no critical judgements or key estimates that the Directors have made in the process of applying the Company's accounting policies that have a significant effect on the amounts recognised in the financial statements.

4 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2018 \$ 000	2017 \$ 000
Vessel charter services	<u>11,341</u>	<u>12,207</u>

All revenue relates to the principal activity of the business and occurred in the United Kingdom.

5 Analysis of costs by nature

	2018	
	Cost of sales \$ 000	Other operating costs \$ 000
Charter costs	(9,982)	-
Recharges	-	(1,060)
Total operating costs by nature	<u>(9,982)</u>	<u>(1,060)</u>

	2017	
	Cost of sales \$ 000	Other operating costs \$ 000
Charter costs	(11,303)	-
Recharges	-	(566)
Total operating costs by nature	<u>(11,303)</u>	<u>(566)</u>

Pioneer Shipping Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

6 Employees' costs

The Company has no employees. Any costs relating to employees are borne by other Group companies and recharged to the Company.

In respect of the Directors' remuneration, refer to note 15 'Related party transactions'.

7 Net finance income/cost

	2018 \$ 000	2017 \$ 000
Interest income from amounts owed by group undertakings	90	-
Total finance income	90	-
	2018 \$ 000	2017 \$ 000
Interest on amounts owed to group undertakings	(19)	(21)
Net foreign exchange losses on financing transactions	5	(3)
Total finance cost	(14)	(24)
Net finance income/ (cost)	76	(24)

8 Auditors' remuneration

The Company paid the following amounts to its auditors in respect of the audit of the Financial Statements provided to the Company.

	2018 \$ 000	2017 \$ 000
Audit of the financial statements	(20)	(26)

Auditors' remuneration relates to fees for the audit of the financial statements of the Company.

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the Group Financial accounts of its ultimate parent, Centrica plc.

Pioneer Shipping Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

9 Income tax

Tax charged in the income statement

	2018 \$ 000	2017 \$ 000
Current taxation		
UK corporation tax at 19.00% (2017: 19.25%)	71	60
	<u>71</u>	<u>60</u>

The main rate of corporation tax for the year to 31 December 2018 was 19% (2017: 19.25%). The corporation tax rate will reduce to 17% with effect from 1 April 2020. The deferred tax assets and liabilities included in these financial statements are based on the reduced rates of 19% or 17% having regard to their reversal profiles.

The differences between the taxes shown above and the amounts calculated by applying the standard rate of UK corporation tax rate to the profit before tax are reconciled below:

	2018 \$ 000	2017 \$ 000
Profit before tax	375	314
Tax expense at standard UK rate of 19.00% (2017: 19.25%)	71	60
Total income tax expense	<u>71</u>	<u>60</u>

10 Trade and other receivables

	2018 Current \$ 000	2017 Current \$ 000
Amounts owed by Group undertakings	<u>1,872</u>	<u>7,393</u>

Included within the net amounts owed by Group undertakings disclosed above is \$2,021,030 (2017: \$5,714,718) that bears interest at a quarterly rate determined by Group Treasury and linked to the Group cost of funds. The quarterly rates ranged between 3.72 and 4.13% per annum during 2018 (2017: 3.66 and 3.86%). The other net amounts owed by Group undertakings are interest-free. All amounts owed by Group undertakings are unsecured and repayable on demand.

11 Trade and other payables

	2018 Current \$ 000	2017 Current \$ 000
Amounts owed to Group undertakings	<u>(1,248)</u>	<u>(6,867)</u>

The amounts payable to Group undertakings are interest-free. All amounts payable to Group undertakings are unsecured and repayable on demand.

Pioneer Shipping Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

12 Called up Share Capital

Allotted, called up and fully paid shares

	2018		2017	
	No.	\$	No.	\$
1 ordinary share of \$1	1	1	1	1

13 Cash and cash equivalents

	2018 \$ 000	2017 \$ 000
Cash at bank	1	91

14 Other commitments and contingencies

As part of the ongoing development of the CLNG Co's global LNG business, in 2016 the Company entered into a seven year lease for a vessel which is expected to be delivered in April 2020. In 2018 a second seven year lease for a vessel was entered into which is expected to be delivered in 2020-2021. As at 31 December 2018, the Company is obligated to the following commitment based on minimum fees payable on termination of these contracts.

	2018 \$000	2017 \$000
LNG long term charter	150,000	75,000

Other guarantees and indemnities

In connection with the Group's energy trading, transportation, upstream and energy supply activities, certain Group companies, including the Company, have entered into contracts under which they may be required to prepay, provide credit support or other collateral in the event of a significant deterioration in creditworthiness. The extent of credit support is contingent upon the balance owing to the third party at the point of deterioration.

15 Related party transactions

The Company has taken advantage of the exemptions under FRS 101 from disclosures in respect of related parties transactions with wholly-owned subsidiaries.

Directors' remuneration

The Directors were remunerated as employees of Centrica plc Group and did not receive any remuneration, from any source, for their services as Directors of the Company during the current or preceding financial year. Accordingly, no details in respect of their emoluments have therefore been included in these financial statements.

Pioneer Shipping Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

16 Parent and ultimate parent undertaking

The immediate parent undertaking is GB Gas Holdings Limited, a company registered in England and Wales. The ultimate parent and controlling party is Centrica plc, a company registered in England and Wales, which is the only company to include these financial statements in its consolidated financial statements. Copies of the Centrica plc consolidated financial statements may be obtained from www.centrica.com.

17 Non adjusting events after the financial period

There are no non adjusting events for the Company.