

Registered number  
3795352

Simon Storage Limited

Report and Financial Statements

31 December 2011

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COMPANIES HOUSE

**Simon Storage Limited**  
**Company Information**

**Directors**

R D Sammons  
M J A Lyons  
P Channing

**Secretary**

N Coldrey

**Auditors**

Ernst & Young LLP  
1 Bridgewater Place  
Water Lane  
Leeds  
LS11 5QR

**Registered office**

Priory House  
60 Station Road  
Redhill  
Surrey  
RH1 1PE

**Registered number**

3795352

**Simon Storage Limited****Registered number:** 3795352**Directors' Report**

The directors present their annual report and the audited financial statements for the year ended 31 December 2011

**Principal activities**

The company acts as the holding company for twelve subsidiary undertakings and provides IT services to the group

**Review of the business**

The profit for the year after taxation amounted to £6,580,000 (2010 – profit of £12,725,000)

Dividends were paid during the year of £7,500,000 (2010 – £19,444,000)

**Future developments**

Due to the nature of the business, a future outlook review is not applicable with the company continuing its operations and its role as a holding company for the foreseeable future

**Going Concern**

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and have no reason to believe that a material uncertainty exists that may cast significant doubt over the ability of the company to continue as a going concern in the presence of support from the parent company

**Principal risks and uncertainties**

Principal risks and uncertainties impacting the business have been considered and due to the nature of the business, there are none which require disclosure

**Key performance indicators**

Due to the nature of the business, key performance indicators are not applicable

**Payment to suppliers**

The company agrees terms and conditions for its business transactions with suppliers. Payment is then made in accordance with those terms, subject to the other terms and conditions being met by the supplier. Creditor days at the end of the year were 7 days (2010 – 5 days)

**Employees**

The company employees are a major asset and their skills, commitment and motivation are highly valued by the company. The company places considerable value on the involvement of its employees and keeps them informed on matters affecting them as employees and on various factors affecting the performance of the group. This is achieved through formal and written communications and notices.

It is the company's policy not to discriminate against disabled persons either in recruitment, career development or matters affecting their promotion. All efforts are made to accommodate employees who become disabled whilst in the company's employment.

**Simon Storage Limited****Registered number:** 3795352**Directors' Report****Directors**

The directors who served the company during the year as follows

R D Sammons

M J A Lyons

P Channing (appointed 16 September 2011)

J Parsons (resigned 15 July 2011)

**Political and charitable donations**

The company made no political or charitable contributions during the year (2010 – £nil)

**Directors indemnity**

Subject to the provisions of the Companies Act 2006, every director of the company shall be indemnified to the fullest extent permissible at law out of the assets of the company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the company

Further, every person serving as a director of the Company at the request of the General Partner of Inter Pipeline Fund shall be indemnified and held harmless by Inter Pipeline Fund to the fullest extent permitted by law as more particularly set out in the Inter Pipeline Fund Limited Partnership Agreement

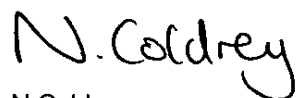
**Disclosure of information to auditors**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, the directors have taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

**Auditors**

As provided for under the Companies Act 2006 the Company does not hold an AGM and Ernst & Young LLP are appointed until further notice

By order of the Board



N Coldrey

Secretary

15 May 2012

**Simon Storage Limited****Registered number:** 3795352**Directors' Report****Statement of directors' responsibilities**

The directors are responsible for preparing the report and accounts in accordance with applicable law and regulations

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the accounts 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 accounts, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material
- prepare the accounts 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 accounts 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.

## **Simon Storage Limited**

### **Independent auditors' report to the shareholder of Simon Storage Limited**

We have audited the accounts of Simon Storage Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the accounts**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on the accounts**

In our opinion the accounts

- give a true and fair view of the state of the company's affairs as at 31 December 2011 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.

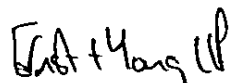
#### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the accounts are prepared is consistent with the financial statements.

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the accounts 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.



Alistair Denton  
(Senior Statutory Auditor)  
For and on behalf of  
Ernst & Young LLP, Statutory Auditor  
Leeds

22 May 2012

**Simon Storage Limited**  
**Profit and Loss Account**  
**for the year ended 31 December 2011**

	<b>Notes</b>	<b>2011 £000</b>	<b>2010 £000</b>
<b>Turnover</b>	2	3,031	2,933
Cost of sales		(827)	(800)
<b>Gross profit</b>		<u>2,204</u>	<u>2,133</u>
Administrative expenses		(3,422)	(3,543)
Administrative expenses - exceptional		-	(2,500)
<b>Operating loss</b>	3	<u>(1,218)</u>	<u>(3,910)</u>
Income from investments		8,431	16,492
Interest receivable	6	923	920
Interest payable	7	(2,147)	(2,149)
<b>Profit on ordinary activities before taxation</b>		<u>5,989</u>	<u>11,353</u>
Tax on profit on ordinary activities	8	591	1,372
<b>Profit for the financial year</b>		<u>6,580</u>	<u>12,725</u>

The results of the company arose entirely from continuing operations

## **Simon Storage Limited**

### **Statement of total recognised gains and losses for the year ended 31 December 2011**

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £6,580,000 in the year ended 31 December 2011 (2010 – profit of £12,725,000)

### **Reconciliation of movements in shareholders' funds for the year ended 31 December 2011**

	<b>2011 £000</b>	<b>2010 £000</b>
Opening shareholders' funds	8,356	15,075
Profit for the financial year	6,580	12,725
Dividends (note 9)	(7,500)	(19,444)
Closing shareholders' funds	<u>7,436</u>	<u>8,356</u>



**Simon Storage Limited****Company No: 3795352****Balance Sheet****as at 31 December 2011**

	Notes	2011 £000	2010 £000
<b>Fixed assets</b>			
Tangible assets	10	265	337
Investments	11	<u>33,564</u>	<u>33,564</u>
		33,829	33,901
<b>Current assets</b>			
Debtors – amounts falling due after one year	12	11,846	11,846
Debtors – amounts falling due within one year	12	<u>3,645</u>	<u>3,283</u>
		15,491	15,129
<b>Creditors amounts falling due within one year</b>	13	(41,884)	(40,674)
<b>Net current liabilities</b>		(26,393)	(25,545)
<b>Net assets</b>		<u>7,436</u>	<u>8,356</u>
<b>Capital and reserves</b>			
Called up share capital	15	55	55
Profit and loss account	16	7,381	8,301
<b>Shareholder's funds</b>		<u>7,436</u>	<u>8,356</u>

The financial statements were approved by the board on 15 May 2012 and were signed on its behalf by

R D Sammons  
Director



P Channing  
Director



**Simon Storage Limited**  
**Notes to the Accounts**  
**for the year ended 31 December 2011**

**1 Accounting policies**

***Basis of preparation***

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting convention

***Group financial statements***

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of Inter Pipeline Europe Limited, a company incorporated in England and Wales, and is included in the consolidated financial statements of that company

***Statement of cash flows***

Under FRS 1 the company is exempt from the requirement to prepare a statement of cash flows on the grounds that a parent undertaking includes the company in its own published group financial statements

***Going concern***

The company has net current liabilities. The financial statements have been prepared on a going concern basis as the parent company has indicated that it will provide such funds as are necessary for the company to continue as a going concern

***Tangible fixed assets***

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimate useful economic lives as follows

Plant and machinery – 10%-25% per annum

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

***Turnover***

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers and group companies during the year

***Deferred taxation***

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions

**Simon Storage Limited**  
**Notes to the Accounts**  
**for the year ended 31 December 2011**

**1 Accounting policies (continued)**

***Deferred taxation*** (continued)

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

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

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

***Operating leases***

Rentals applicable to operating leases, under which substantially all the benefits and risks of ownership remain with the lessor, are charged to the profit and loss account as incurred.

***Pensions***

The company participates in a multi-employer defined benefit pension plan. This plan is operated on a basis which means that it does not enable individual companies to identify their share of the underlying assets and liabilities on a consistent and reasonable basis. In accordance with FRS 17 the company accounts for its contributions to the scheme as if it were a defined contribution plan. Contributions to defined contribution plans are charged to the profit and loss account when they become payable.

***Share-based payments***

Cash-settled transactions

The cost of cash-settled transactions is measured at fair value using an appropriate option pricing model. Fair value is established initially at the grant date and at each balance sheet date thereafter until the awards are settled. Changes in the carrying amount for the liability are recognised in the profit or loss for the period.

**2 Analysis of turnover**

An analysis of turnover by origin is given below

	2011 £000	2010 £000
UK	2,742	2,632
Europe	289	301
	<u>3,031</u>	<u>2,933</u>

Turnover by destination is not materially different from turnover by origin.

**Simon Storage Limited**  
**Notes to the Accounts**  
**for the year ended 31 December 2011**

<b>3 Operating profit</b>	<b>2011 £000</b>	<b>2010 £000</b>
This is stated after charging		
Depreciation of owned fixed assets	100	70
Operating lease rentals - plant and machinery	93	97
Operating lease rentals - land buildings	143	143
Auditors' remuneration for audit services	8	8
Auditors' remuneration for other services	12	8
Exceptional costs	-	2,500

The exceptional item in administrative expenses in 2010 comprised a £2,500,000 non-recurring pension contribution

**4 Directors' emoluments**

The aggregate remuneration of the directors amounted to £784,626 (2010 – £824,618) excluding pension contributions. The emoluments include a bonus of £47,003 paid to certain directors relating to performance in prior years.

The aggregate remunerations of the highest paid director were £378,454 (2010 – £317,551), excluding pension contributions. The emoluments include a bonus of £23,502 relating to performance in prior years.

The accrued pension of the highest paid director at 31 December 2011 was £78,188 pa (2010 – £72,869 pa). Pension benefits are accruing to 2 directors (2010 – 3) under defined benefit pension scheme arrangements.

<b>5 Staff costs</b>	<b>2011 £000</b>	<b>2010 £000</b>
Wages and salaries	2,584	2,662
Social security costs	306	295
Other pension costs (note 17)	276	324
Other pension costs - exceptional (note 17)	-	2,500
	<u>3,166</u>	<u>5,781</u>

The average monthly number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	<b>2011 No.</b>	<b>2010 No.</b>
Administration	<u>37</u>	<u>37</u>

**6 Interest receivable and similar income**

	<b>2011 £000</b>	<b>2010 £000</b>
Receivable from group undertakings	852	852
Other interest receivable	71	68
	<u>923</u>	<u>920</u>

**Simon Storage Limited**  
**Notes to the Accounts**  
**for the year ended 31 December 2011**

<b>7 Interest payable</b>	<b>2011 £000</b>	<b>2010 £000</b>
Interest payable to group undertakings	2,147	2,147
Other loans	-	2
	<u>2,147</u>	<u>2,149</u>

**8 Taxation**

(a) Tax on profit on ordinary activities

The tax charge is made up as follows

	<b>2011 £000</b>	<b>2010 £000</b>
UK corporation tax at 26.5% (2010 - 28%)	(697)	(796)
Adjustments in respect of earlier years	(65)	(6)
Total current tax (note 8 (b))	<u>(762)</u>	<u>(802)</u>
Deferred taxation (note 14)		
Origination and reversal of timing differences	68	(595)
Impact of rate change on deferred tax	49	-
Adjustments in respect of earlier years	54	25
	<u>171</u>	<u>(570)</u>
Tax on loss on ordinary activities	<u>(591)</u>	<u>(1,372)</u>

On 21 March 2012 the UK government announced proposals to reduce the main rate of corporation tax by an additional 1% from 1 April 2012 to 24% and then to 23% from 1 April 2013 and to 22% from 1 April 2014. At 31 December 2011 only the previously announced reduction to 25% had been enacted so this is the rate at which deferred tax is provided. If deferred tax was provided at 22% the deferred tax asset at 31 December 2011 would have reduced by £53,000.

**Simon Storage Limited**  
**Notes to the Accounts**  
**for the year ended 31 December 2011**

**8 Taxation (continued)**

(b) Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 26.5% (2010 - 28%). The differences are explained below

	<b>2011 £000</b>	<b>2010 £000</b>
Profit on ordinary activities before tax	<u>5,989</u>	<u>11,353</u>
	26.5%	28%
	<b>£000</b>	<b>£000</b>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26.5% (2010 - 28%)	1,587	3,179
<i>Effects of</i>		
Expenses not deductible for tax purposes	-	30
Depreciation for period in excess of capital allowances and other timing differences	(68)	595
Notional interest receivable on loans	18	18
Dividend income	(2,234)	(4,618)
Adjustments to tax charge in respect of previous periods	(65)	(6)
Current tax charge for period (note 8 (a))	<u>(762)</u>	<u>(802)</u>

**9 Dividends**

	<b>2011 £000</b>	<b>2010 £000</b>
Final dividend declared and paid (2010 £352.12/share)	-	19,444
Final dividend declared and paid (2011 £135.82/share)	<u>7,500</u>	<u>-</u>
	<u>7,500</u>	<u>19,444</u>

**10 Tangible fixed assets**

	<b>Land and buildings £000</b>	<b>Plant and machinery £000</b>	<b>Total £000</b>
<b>Cost</b>			
At 1 January 2011	52	456	508
Additions	<u>16</u>	<u>12</u>	<u>28</u>
At 31 December 2011	<u>68</u>	<u>468</u>	<u>536</u>
<b>Depreciation</b>			
At 1 January 2011	11	160	171
Charge for the year	<u>7</u>	<u>93</u>	<u>100</u>
At 31 December 2011	<u>18</u>	<u>253</u>	<u>271</u>
<b>Net book value</b>			
At 31 December 2011	<u>50</u>	<u>215</u>	<u>265</u>
At 31 December 2010	<u>41</u>	<u>296</u>	<u>337</u>

**Simon Storage Limited**  
**Notes to the Accounts**  
**for the year ended 31 December 2011**

**11 Investments**

	<b>Investments in subsidiary undertakings £000</b>
<b>Cost</b>	
At 1 January 2011	33,564
At 31 December 2011	<u>33,564</u>

Simon Storage Limited holds all the issued share capital, which are ordinary shares, either directly or indirectly, in the following subsidiaries at 31 December 2011

<i>Subsidiary undertakings</i>	<i>Country of incorporation</i>	<i>Principal activity</i>
Simon Management Limited*	England and Wales	Facilities management and engineering project management
Simon Riverside Limited*	England and Wales	Storage of bulk liquids and gases
Seal Sands Storage Limited*	England and Wales	Storage of bulk liquids and gases
Simon Intermodal Limited *	England and Wales	Holding company
Simon Grangemouth Limited*	Scotland	Dormant
Chemicals and Oil Storage Management Ltd*	England and Wales	Holding company
Velva Liquids (North Shields) Limited	England and Wales	Storage of bulk liquids and gases
Immingham Storage Company Limited	England and Wales	Storage of bulk liquids and gases
Irish Bulk Liquid Storage Limited	Republic of Ireland	Storage of bulk liquids and gases
Irish Bulk Liquid Transport Limited	Republic of Ireland	Dormant
Simon Storage Deutschland GmbH*	Germany	Holding company
Simon Tanklager-Gesellschaft mbH	Germany	Storage of bulk liquids and gases

Companies marked \* are direct wholly owned subsidiaries of Simon Storage Limited

**12 Debtors**

	<b>2011 £000</b>	<b>2010 £000</b>
Trade debtors	22	9
Amounts owed by group undertakings	82	371
Deferred tax asset (note 14)	444	615
Amounts receivable for group relief	2,912	2,077
Other debtors	97	101
Prepayments and accrued income	88	110
	<u>3,645</u>	<u>3,283</u>
Amounts due after more than one year included in Amounts owed by group undertakings	<u>11,846</u>	<u>11,846</u>

**Simon Storage Limited**  
**Notes to the Accounts**  
**for the year ended 31 December 2011**

**13 Creditors amounts falling due within one year**

	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
Bank loans and overdrafts	12,856	11,901
Trade creditors	54	30
Amounts owed to group undertakings	27,708	27,779
Other taxes and social security costs	92	85
Accruals and deferred income	1,174	879
	<u>41,884</u>	<u>40,674</u>

**14 Deferred taxation**

The elements of deferred taxation are as follows

	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
Excess of capital allowances over related depreciation	(2)	7
Other timing differences	<u>(442)</u>	<u>(622)</u>
Deferred tax asset	<u>(444)</u>	<u>(615)</u>

	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
At 1 January	(615)	(45)
Deferred tax charge in profit and loss account	117	(595)
Adjustments in respect of earlier years	<u>54</u>	<u>25</u>
At 31 December	<u>(444)</u>	<u>(615)</u>

**15 Issued share capital**

	<b>Nominal value</b>	<b>2011</b>	<b>2011</b>	<b>2010</b>
		<b>Number</b>	<b>£'000</b>	<b>£'000</b>
<i>Allotted, called up and fully paid</i>				
Ordinary shares	£1 each	55,219	<u>55</u>	<u>55</u>

**16 Profit and loss account**

	<b>2011</b>
	<b>£000</b>
At 1 January 2011	8,301
Profit for the financial year	6,580
Dividends	(7,500)
At 31 December 2011	<u>7,381</u>



**Simon Storage Limited**  
**Notes to the Accounts**  
**for the year ended 31 December 2011**

**17 Pension commitments**

The company participates in a defined benefit pension scheme providing benefits based on final pensionable pay which was closed to new members from 30 September 2010. At the same time, a change was made to the Fund's rules which restricts the level of future increases in pensionable salaries to the lower of price inflation and 5% each year.

This defined benefit scheme is a multi-employer plan which is run on a basis which means that it does not enable individual companies to identify their share of the underlying assets and liabilities on a consistent and reasonable basis. In accordance with FRS 17 the company accounts for its contributions to the scheme as if it were a defined contribution plan.

The pension cost charge for the year relating to this scheme amounted to £276,000 (2010 – £2,824,000).

For the group, the pension cost charge for the year relating to this scheme amounted to £1,140,000 (2010 – £3,771,000). No contributions were accrued at the year end (2010 – £nil).

The Scheme has an asset of £11,000 under FRS 17 (2010 – asset of £3,505,000), which is reflected in the financial statements of Inter Pipeline Europe Limited for the year ended 31 December 2011.

The formal actuarial valuation as at 6 April 2010 was updated to the accounting date by an independent qualified actuary in accordance with FRS 17. As required by FRS 17 the value of the defined benefit liabilities has been measured using the projected unit method.

The key FRS 17 assumptions used for the Simon Storage Pension Fund (the 'Scheme') are set out below, along with the fair value of assets, a breakdown of the assets into the main asset classes, the present value of the FRS 17 liabilities and the excess of assets over FRS 17 liabilities (which equals the gross pension asset). All numerical disclosures relate to group accounts.

**Assumptions**

	<b>2011</b>	<b>2010</b>	<b>2009</b>
Price inflation	3.2% pa	3.5% pa	3.6% pa
Discount rate	4.8% pa	5.4% pa	5.6% pa
Pension increases (5% LPI)	3.1% pa	3.4% pa	3.5% pa
Salary growth	3.1% pa	3.4% pa	4.6% pa

Life expectancy for a male member of the UK fund currently aged 65 is assumed to be 20.6 years (2010: 20.5 years). Life expectancy for a male member of the UK fund who will reach age 65 in 20 years' time is assumed to be 22.5 years (2010: 22.4 years). The UK scheme has continued to use retail price index (RPI) as the basis for measuring inflation during 2011. The impact of changing the basis to consumer price index (CPI) is not material.

**Simon Storage Limited**  
**Notes to the Accounts**  
**for the year ended 31 December 2011**

**17 Pension commitments (continued)**

**Asset distribution and expected return**

	<b>2011</b>	
	<b>Expected Return</b>	<b>Fair Value £000</b>
Equities	6.9% pa	20,053
Bonds	3.7% pa	18,047
Property	4.9% pa	6,198
Cash	3.0% pa	145
<b>Total</b>		<b>44,443</b>

	<b>2010</b>	
	<b>Expected</b>	<b>Fair Value £000</b>
Equities	7.5% pa	22,960
Bonds	4.6% pa	14,446
Property	6.0% pa	5,295
Cash	1.7% pa	52
<b>Total</b>		<b>42,753</b>

	<b>2009</b>	
	<b>Expected</b>	<b>Fair Value £000</b>
Equities	8.0% pa	18,424
Bonds	5.1% pa	14,005
Property	6.2% pa	3,472
Cash	2.2% pa	95
<b>Total</b>		<b>35,996</b>

Assets are shown at their bid value at 31 December 2011

The Scheme is represented on the balance sheet at 31 December 2011 as an asset of £11,000 under FRS 17 (2010 – asset of £3,505,000), which amounts to £313,000 net of related deferred tax (2010 – an asset of £3,065,000)

Over the twelve months to 31 December 2011 the contributions paid by Simon Storage Limited and its wholly owned subsidiaries amounted to £1,140,000. Employer contributions are paid at a rate of 19.6% for members who joined before May 2003 and 10.7% of pensionable salaries for entrants since May 2003.

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**for the year ended 31 December 2011**

**17 Pension commitments (continued)**

	<b>2011</b>	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Total fair value of assets	44,443	42,753	35,996
FRS 17 value of liabilities	(44,432)	(39,248)	(40,448)
Gross pension surplus/(deficit)	11	3,505	(4,452)
Related deferred tax asset/(liability)	302	(440)	1,247
Net pension asset/(liability)	313	3,065	(3,205)

The deferred tax asset of £302,000 (2010 - liability £440,000) is made up of £3,000 relating to pension surplus for the year (2010 - £946,000) and a credit of £305,000 (2010 - £506,000) relating to the exceptional company contribution of £2,500,000 made in 2010

Changes in the present value of the defined benefit obligation are as follows

	<b>2011</b>	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Opening defined benefit obligation	39,248	40,448	30,384
Employer's part of current service cost	1,130	1,434	1,054
Interest cost	2,130	2,284	1,920
Curtailment and settlement	-	(2,453)	-
Contributions from plan members	489	461	450
Actuarial loss/(gain)	2,637	(1,714)	7,952
Benefits paid	(1,202)	(1,212)	(1,312)
Closing defined benefit obligation	44,432	39,248	40,448

Changes in the fair value of assets are as follows

	<b>2011</b>	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Opening fair value of assets	(42,753)	(35,996)	(31,072)
Expected return on assets	(2,720)	(2,505)	(1,797)
Actuarial loss/(gain)	1,457	(1,232)	(2,663)
Contributions by employer	(1,140)	(3,771)	(1,326)
Contributions by employees	(489)	(461)	(450)
Benefits paid	1,202	1,212	1,312
Closing fair value of assets	(44,443)	(42,753)	(35,996)

The amounts recognised in the profit and loss account are as follows

	<b>2011</b>	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Employer's part of current service cost	1,130	1,434	1,054
Past service cost	-	(2,453)	-
Curtailment and settlement gain	-	-	-
Interest cost	2,130	2,284	1,920
Expected return on plan assets	(2,720)	(2,505)	(1,797)
Total expense/(credit) included in profit and loss	540	(1,240)	1,177

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**17 Pension commitments (continued)**

Current service costs and curtailment and settlement gains or losses are included in the profit and loss account under cost of sales and administration expenses. Interest costs and expected return on plan assets are included under other finance income.

	<b>2011 £000</b>	<b>2010 £000</b>	<b>2009 £000</b>
Actual return on the fund's assets over the year	<u>1,263</u>	<u>3,737</u>	<u>4,460</u>

The following amounts have been recognised within the statement of total recognised gains and losses (STRGL) under FRS 17

	<b>2011 £000</b>	<b>2010 £000</b>	<b>2009 £000</b>
Actuarial loss/(gain) recognised in the STRGL over the year	4,094	(2,946)	5,289
Cumulative amount recognised outside profit and loss	<u>7,286</u>	<u>3,192</u>	<u>6,138</u>

Amounts for the current and previous years are as follows

	<b>2011 £000</b>	<b>2010 £000</b>	<b>2009 £000</b>	<b>2008 £000</b>
Scheme liabilities	(44,432)	(39,248)	(40,448)	(30,384)
Scheme assets	<u>44,443</u>	<u>42,753</u>	<u>35,996</u>	<u>31,072</u>
Gross pension asset/(liability)	11	3,505	(4,452)	688
Assumption changes on scheme liabilities	2,637	1,714	(7,952)	5,467
Experience adjustments on scheme assets	<u>(1,457)</u>	<u>1,232</u>	<u>2,663</u>	<u>(6,768)</u>
Net adjustments	<u>1,180</u>	<u>2,946</u>	<u>(5,289)</u>	<u>(1,301)</u>

There are no material differences with respect to experience adjustments for the scheme liabilities or for changes in assumptions for the scheme assets.

**Simon Storage Limited**  
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**for the year ended 31 December 2011**

**18 Other financial commitments**

At the year end the company had annual commitments under non-cancellable operating leases as set out below

	<b>Land and buildings 2011 £000</b>	<b>Land and buildings 2010 £000</b>	<b>Other 2011 £000</b>	<b>Other 2010 £000</b>
Operating leases which expire				
within one year	-	-	17	12
within two to five years	-	-	49	57
in over five years	143	143	-	-
	<u>143</u>	<u>143</u>	<u>66</u>	<u>69</u>

**19 Contingent liabilities**

Simon Storage Limited has provided parent company guarantees for a number of vehicle leases relating to Lewis Tankers Limited, a former subsidiary. The potential liability outstanding at 31 December 2011 was £378,000 (2010 – £624,000)

**20 Share-based payments**

**Senior Executive Plan**

Effective 1 January 2009, the group implemented a shadow Deferred Unit Rights Plan (DURP) that defines how awards made to the senior executives will be determined and administered. A Deferred Unit Right (DUR) as granted under the DURP, is valued based on Inter Pipeline Fund's unit price plus credit for cash distributions paid to unitholders during the period the DURs are held. The DUR will vest one-third on each of the successive anniversary dates from the date of grant. Upon exercise of a DUR, the amount owing will be paid out in cash, net of the appropriate payroll taxes.

The following table illustrates the number of, and movements in DURs during the year

	<b>2011 Number</b>	<b>2010 Number</b>
Outstanding as at 1 January	55,974	43,479
Granted during the year	25,506	26,989
Forfeited during the year	(12,130)	-
Exercised	(19,662)	(14,494)
Outstanding as at 31 December	<u>49,688</u>	<u>55,974</u>

For the year ended 31 December 2011, administrative expenses included £331,000 related to DURs (2010 – £343,000). The liability included in 'creditors amounts falling due within one year' is £546,000.

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**21 Related party transactions**

Under FRS 8 the company is exempt from the requirement to disclose details of transactions with its ultimate controlling party and subsidiary companies, on the basis that it is a wholly owned subsidiary undertaking of its parent, Inter Pipeline Fund, and all of its subsidiary undertakings are wholly owned

**22 Parent undertaking and ultimate controlling party**

The company is a wholly owned subsidiary undertaking of Inter Pipeline Europe Limited, incorporated and registered in England and Wales

The parent undertaking of the smallest group of undertakings for which group financial statements are drawn up and of which the company is a member is Inter Pipeline Europe Limited, which is registered in England and Wales. Copies of the group financial statements are available from Companies House, Crown Way, Cardiff

The parent undertaking and ultimate controlling party of the largest group of undertakings for which group financial statements are drawn up and of which the company is a member is Inter Pipeline Fund, a Canadian registered partnership. Copies of the group financial statements are available on SEDAR at [www.sedar.com](http://www.sedar.com)