

Registered number  
3795352

Inter Terminals Limited (formerly Simon Storage Limited)

Report and Financial Statements

31 December 2014

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**Inter Terminals Limited (formerly Simon Storage Limited)**  
**Company Information**

**Directors**

M J A Lyons  
P B Channing  
R D Sammons

**Secretary**

N C 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

**Inter Terminals Limited (formerly Simon Storage Limited)****Registered number:** 3795352**Strategic Report**

The directors present their strategic report for the year ended 31 December 2014.

**Review of the business**

The company acts as the holding company for eleven subsidiary undertakings and provides IT services to the group. The profit for the year after taxation amounted to £3,397,000 (2013 – profit of £24,616,000).

**Key performance indicators**

	2014	2013	Percentage change
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	-£968,000	-£1,039,000	7%
Current assets as % of current liabilities	61%	60%	2%
Reportable lost time incidents	0	0	0%

EBITDA performance for the company was satisfactory for the year, and was in line with management's expectations. Reduced pension recovery plan payments of £205,000 were the main driver for the decreased EBITDA for 2014 when compared to 2013. Current assets as a percentage of current liabilities were 61%, representing a 2% increase from the 2013 position.

There were no reportable lost time incidents in 2014 (2013: nil).

**Principal risks and uncertainties**

The directors of Inter Terminals Limited (formerly Simon Storage Limited) have identified the following risks and uncertainties.

**Demand for Bulk Liquid Storage**

The company, through its trading subsidiaries, is primarily involved in the storage and handling of liquids for regional petroleum refining and petrochemical businesses. The products stored and handled at the storage terminals are generally either feedstock for petrochemical plants and refineries or are products produced from those facilities. As a result, a sustained slowdown in either the petroleum refining, biofuels or petrochemical sectors serviced by the business could have an adverse affect.

**Customs and Excise Warehouses**

The company, through its trading subsidiaries, operates approved excise warehouses, thereby permitting their respective customers to store products on a duty suspended basis. Failure to comply with legal requirements governing the operation of such warehouses could lead to the business being liable for customs and excise duties, value added tax and penalties, as well as withdrawal of authorisations allowing the business to operate on this basis which could result in a reduction in commercial activity.

**Inter Terminals Limited (formerly Simon Storage Limited)****Registered number:** 3795352**Strategic Report (continued)****Post Buncefield Regulation**

Following the Buncefield oil terminal incident in December 2005, the UK's regulatory authorities have been in the process of formulating policies which require additional integrity systems and controls on gasoline tanks and associated infrastructure. A report issued in December 2009 by the Process Safety Leadership Group details all of the required improvements and also contains a list of other hydrocarbon and petrochemical products to which these improvements are required in future years.

The UK's regulatory authorities issued a Containment Policy in respect of the storage of fuels on February 20, 2008 which will require substantially enhanced tank and bund facilities both for new build tankage and for existing facilities at certain subsidiary companies. Although the policy states a 10 to 20 year timeline for improvements to be effected, the regulatory authorities have since declared a desired timeline for retrospective improvements of between two and five years for sites categorised by the regulator as higher risk. As a consequence, sustaining capital expenditures are likely to increase in the foreseeable future at these subsidiary companies, restricting their ability to potentially pay dividends (although the timing of such increases remains uncertain). However, based upon the policy as currently applied by the regulatory authorities, the company has estimated that its subsidiaries will incur between £3.1 million and £4.4 million on containment costs over the next seven years. The amount of such costs will depend in part on the acceptability to the regulatory authorities of innovative solutions which are being considered by the company.

**Operational Factors**

In the event of a major facility incident resulting in a major fire or the release of large quantities of product, the location of the subsidiary companies' facilities adjacent to water courses and large bodies of water could significantly impact the revenues and continuing operation of the businesses.

**Defined Benefit Pension Plan**

A defined benefit pension plan exists for certain employees of the company. The plan holds interests in various securities invested in equities, fixed income instruments and real estate. Fluctuations in the value of the plan's assets and the factors which are applied to calculate the plan's liabilities could result in a requirement for additional cash to be contributed by the company.

**Competition**

The subsidiary businesses faces competition from other independent bulk liquid terminals which operate in several of the regions serviced by the businesses. Certain customers also have the option to store products at their own storage facilities or to adopt alternative logistics solutions. As a result, customers could elect in the future to make alternative arrangements for the storage and handling of their products resulting in a decline in business revenue.

**Liquidity risk**

The company manages liquidity risk by managing cash generation by its operations and applying cash collection targets. A group banking facility arrangement is in place and group loans from the parent company are used where required to support growth projects. At 31 December 2014 the parent company was funded by a Eurobond for £152 million due to expire in 2020.

**Inter Terminals Limited (formerly Simon Storage Limited)**

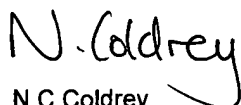
**Registered number:** 3795352

**Strategic Report (continued)**

**Future developments**

The directors are committed to maintaining and enhancing our standards of operations excellence in the areas of safety, health and environmental compliance, safe and reliable operations, customer performance, asset integrity, project execution and emergency preparedness whilst maintaining cost effectiveness and the highest ethical standards. We are committed to the recruitment, development and retention of experienced, talented and competent employees to provide the necessary marketing, operations, engineering, financial and logistics capabilities. Taking these into account we consider we have an excellent platform to maximise business opportunities, whilst minimising any potential negative impact from the business environment. As a result we remain confident that we will continue to build upon the current level of performance in the future.

By order of the Board



N C Coldrey  
Secretary

24 March 2015

## **Inter Terminals Limited (formerly Simon Storage Limited)**

**Registered number:** 3795352

### **Directors' Report**

The directors present their report for the year ended 31 December 2014.

#### **Change of Company Name**

On January 5, 2015, the company changed its name from Simon Storage Limited to Inter Terminals Limited.

#### **Post balance sheet events**

On 4 February 2015, the Company issued 99,270 shares with a nominal value of £1 each at a premium of £1,617.03 per share. These were allotted to Inter Terminals Denmark Limited (formerly Inter Terminals Limited) in exchange for 99.8% of the investment in Inter Terminals Denmark Partnership I/S. After this transaction, the Company now owns 99.9% of Inter Terminals Denmark Partnership I/S.

On 10 March 2015, the Company entered into a new £20m credit facility agreement with Royal Bank of Canada. At the date of approval of these financial statements no amounts had been drawn down under this agreement.

#### **Directors**

The directors who served the company during the year as follows:

M J A Lyons  
P B Channing  
R D Sammons

#### **Dividends**

Dividends were paid during the year of £3,000,000 (2013 – £5,000,000).

#### **Going Concern**

The directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of Inter Terminals Limited (formerly Simon Storage Limited) to continue as a going concern or its ability to continue with the current banking arrangements. As the company has net current liabilities, the directors of the company have obtained confirmation from the parent undertaking's directors that the financial support will continue to be in place for the next twelve months after the approval of these financial statements.

#### **Directors' indemnity**

Subject to the Companies Act 2006, but without prejudice or limitation to any indemnity to which a director may otherwise be entitled, 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.

#### **Political donations**

The company made no political contributions during the year (2013 – £nil).

#### **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:

**Inter Terminals Limited (formerly Simon Storage Limited)**

**Registered number:** 3795352

**Directors' Report**

**Auditors**

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

By order of the Board



N C Coldrey

Secretary

24 March 2015

## **Inter Terminals Limited (formerly Simon Storage Limited)**

### **Statement of Directors' Responsibilities**

The directors are responsible for preparing both the Strategic Report and the Directors' 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 departures disclosed and explained in the accounts;
- 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.



## **Independent auditors' report to the member of Inter Terminals Limited (formerly Simon Storage Limited)**

We have audited the financial statements of Inter Terminals Limited (formerly Simon Storage Limited) for the year ended 31 December 2014 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 on page 6, 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 Strategic Report, the Directors' Report and the financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2014 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.

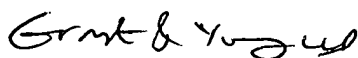
### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and 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.



Eddie Diamond

(Senior Statutory Auditor)

For and on behalf of

Ernst & Young LLP, Statutory Auditor

Leeds

31/03/2015

**Inter Terminals Limited (formerly Simon Storage Limited)**  
**Profit and Loss Account**  
**for the year ended 31 December 2014**

	<b>Notes</b>	<b>2014 £000</b>	<b>2013 £000</b>
<b>Turnover</b>	2	3,620	3,426
Cost of sales		(927)	(861)
<b>Gross profit</b>		<u>2,693</u>	<u>2,565</u>
Administrative expenses		(3,733)	(3,704)
<b>Operating loss</b>	3	<u>(1,040)</u>	<u>(1,139)</u>
Income from investments		4,120	26,279
Interest receivable	6	907	907
Interest payable	7	(752)	(1,868)
<b>Profit on ordinary activities before taxation</b>		<u>3,235</u>	<u>24,179</u>
Tax on profit on ordinary activities	8	162	437
<b>Profit for the financial year</b>		<u>3,397</u>	<u>24,616</u>

The results of the company arose entirely from continuing operations

**Inter Terminals Limited (formerly Simon Storage Limited)**

**Statement of total recognised gains and losses  
for the year ended 31 December 2014**

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £3,397,000 in the year ended 31 December 2014 (2013 – profit of £24,616,000).

**Reconciliation of movements in shareholders' funds  
for the year ended 31 December 2014**

	<b>2014 £000</b>	<b>2013 £000</b>
Opening shareholders' funds	25,612	5,996
Profit for the financial year	3,397	24,616
Increase in shares issued	161	-
Dividends (note 9)	(3,000)	(5,000)
Closing shareholders' funds	<u>26,170</u>	<u>25,612</u>

**Inter Terminals Limited (formerly Simon Storage Limited)**  
**Company No: 3795352**  
**Balance Sheet**  
**as at 31 December 2014**

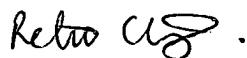
	Notes	2014 £000	2013 £000
<b>Fixed assets</b>			
Tangible assets	10	150	181
Investments	11	33,479	33,318
		<u>33,629</u>	<u>33,499</u>
<b>Current assets</b>			
Debtors – amounts falling due after one year	12	11,000	11,000
Debtors – amounts falling due within one year	12	617	1,030
		<u>11,617</u>	<u>12,030</u>
<b>Creditors: amounts falling due within one year</b>	13	(19,076)	(19,917)
<b>Net current liabilities</b>		<u>(7,459)</u>	<u>(7,887)</u>
<b>Net assets</b>		<u>26,170</u>	<u>25,612</u>
<b>Capital and reserves</b>			
Called up share capital	15	216	55
Profit and loss account	16	25,954	25,557
<b>Shareholder's funds</b>		<u>26,170</u>	<u>25,612</u>

The financial statements were approved by the board on 24 March 2015 and were signed on its behalf by:

M Lyons  
Director



P Channing  
Director



**Inter Terminals Limited (formerly Simon Storage Limited)**  
**Notes to the Accounts**  
**for the year ended 31 December 2014**

**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 financial statements as it is exempt from the requirement to do so by section 401 of the Companies Act 2006 as it is a subsidiary undertaking of Inter Pipeline Ltd, a Canadian registered company, and is included in the consolidated financial statements of that entity, which are publically available on SEDAR (see note 22).

***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 the ultimate parent undertaking includes the company in its own published consolidated financial statements.

***Going concern***

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

***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:

**Inter Terminals Limited (formerly Simon Storage Limited)**  
**Notes to the Accounts**  
**for the year ended 31 December 2014**

**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**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
An analysis of turnover by origin is given below:		
UK	3,201	2,990
Europe	419	436
	<u>3,620</u>	<u>3,426</u>

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

**Inter Terminals Limited (formerly Simon Storage Limited)**  
**Notes to the Accounts**  
**for the year ended 31 December 2014**

<b>3 Operating loss</b>	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
This is stated after charging:		
Depreciation of owned fixed assets	72	100
Operating lease rentals - plant and machinery	101	89
Operating lease rentals - land buildings	59	52
Auditors' remuneration for audit services	10	9
	<u>          </u>	<u>          </u>

**4 Directors' emoluments**

The aggregate remuneration of the directors amounted to £964,844 (2013 – £816,524) excluding pension contributions. The directors do not believe that it is practicable to apportion this amount between their services as directors of the Company and the services as directors of the holding and fellow subsidiary companies.

The aggregate remunerations of the highest paid director were £415,995 (2013 – £358,787), excluding pension contributions.

The accrued pension of the highest paid director at 31 December 2014 was £83,709 pa (2013 – £81,097 pa). Pension benefits are accruing to 2 directors (2013 – 2) under defined benefit pension scheme arrangements. Total employer pensions contributions in respect of the directors' were £49,227 (2013 - £38,946).

<b>5 Staff costs</b>	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	2,871	2,702
Social security costs	351	316
Other pension costs (note 17)	463	622
	<u>3,685</u>	<u>3,640</u>

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

	<b>2014</b>	<b>2013</b>
Administration	<u>35</u>	<u>36</u>

<b>6 Interest receivable and similar income</b>	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Receivable from group undertakings	852	852
Other interest receivable	55	55
	<u>907</u>	<u>907</u>
<b>7 Interest payable</b>	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Interest payable to group undertakings	752	1,868
	<u>752</u>	<u>1,868</u>

**Inter Terminals Limited (formerly Simon Storage Limited)**  
**Notes to the Accounts**  
**for the year ended 31 December 2014**

**8 Taxation**

(a) Tax on profit on ordinary activities

The tax credit is made up as follows:

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
UK corporation tax at 21.5% (2013 - 23.25%)	(112)	(531)
Adjustments in respect of earlier years	(63)	6
Total current tax (note 8 (b))	<u>(175)</u>	<u>(525)</u>
Deferred taxation (note 14)		
Origination and reversal of timing differences	(50)	54
Impact of rate change on deferred tax	-	34
Adjustments in respect of earlier years	63	-
	<u>13</u>	<u>88</u>
Tax on profit on ordinary activities	<u>(162)</u>	<u>(437)</u>

The main rate of corporation tax will reduce from 21% to 20% from 1 April 2015, the changes having been substantively enacted on 2 July 2013.

(b) Factors affecting tax credit for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 21.5% (2013 - 23.25%). The differences are explained below:

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Profit on ordinary activities before tax	<u>3,235</u>	<u>24,179</u>
	21.50%	23.25%
	<b>£000</b>	<b>£000</b>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21.5% (2013 - 23.25%)	696	5,622
<i>Effects of:</i>		
Expenses not deductible for tax purposes	33	3
Capital allowances in excess of depreciation for period and other timing differences	45	(59)
Notional interest receivable on loans	-	13
Dividend income	(886)	(6,110)
Adjustments to tax charge in respect of previous periods	(63)	6
Current tax credit for period (note 8 (a))	<u>(175)</u>	<u>(525)</u>

**9 Dividends**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Final dividend declared and paid (2013: £90.55/share)	-	5,000
Final dividend declared and paid (2014: £13.89/share)	3,000	-
	<u>3,000</u>	<u>5,000</u>



**Inter Terminals Limited (formerly Simon Storage Limited)**  
**Notes to the Accounts**  
**for the year ended 31 December 2014**

**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 2014	68	563	631
Additions	-	41	41
Disposals	-	(36)	(36)
At 31 December 2014	<u>68</u>	<u>568</u>	<u>636</u>
<b>Depreciation</b>			
At 1 January 2014	37	413	450
Charge for the year	8	64	72
On disposals	-	(36)	(36)
At 31 December 2014	<u>45</u>	<u>441</u>	<u>486</u>
<b>Net book value</b>			
At 31 December 2014	<u>23</u>	<u>127</u>	<u>150</u>
At 31 December 2013	<u>31</u>	<u>150</u>	<u>181</u>

**11 Investments**

	<b>At cost £000</b>	<b>Impairment £000</b>	<b>Net book value £000</b>
<b>Cost</b>			
At 1 January 2014	34,266	(948)	33,318
Additions	161		161
At 31 December 2014	<u>34,427</u>	<u>(948)</u>	<u>33,479</u>

Inter Terminals Limited (formerly Simon Storage Limited) holds all the issued share capital, which are ordinary shares, either directly or indirectly, in the following subsidiaries at 31 December 2014:

<i>Subsidiary undertakings</i>	<i>Country of incorporation</i>	<i>Principal activity</i>
Simon Management Limited*	England and Wales	Engineering project management
Inter Terminals Riverside Limited (formerly 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 Storage Limited (formerly Simon Intermodal Limited) *	England and Wales	Holding company
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
Inter Terminals Germany GmbH (formerly Simon Storage Deutschland GmbH)*	Germany	Holding company
Inter Terminals Mannheim GmbH (formerly Simon Tanklager- Gesellschaft mbH)	Germany	Storage of bulk liquids and gases

Companies marked \* are direct wholly owned subsidiaries of Inter Terminals Limited.

**Inter Terminals Limited (formerly Simon Storage Limited)**  
**Notes to the Accounts**  
**for the year ended 31 December 2014**

**11 Investments (continued)**

The investment in the year of £161,000 represents a 0.1% ownership in the issued share capital of Inter Terminals Denmark Limited (formerly Inter Terminals Limited), a holding company registered in England and Wales.

<b>12 Debtors</b>	<b>2014 £000</b>	<b>2013 £000</b>
Trade debtors	-	-
Amounts owed by group undertakings	265	222
Deferred tax asset (note 14)	185	198
Amounts receivable for group relief	-	461
Other debtors	91	79
Prepayments and accrued income	76	70
	<u>617</u>	<u>1,030</u>
Amounts due after more than one year included in: Amounts owed by group undertakings	<u>11,000</u>	<u>11,000</u>

<b>13 Creditors: amounts falling due within one year</b>	<b>2014 £000</b>	<b>2013 £000</b>
Bank loans and overdrafts	7,030	8,448
Trade creditors	197	89
Amounts owed to group undertakings	9,730	9,926
Corporation tax	194	-
Other taxes and social security costs	98	252
Accruals and deferred income	1,827	1,202
	<u>19,076</u>	<u>19,917</u>

**14 Deferred taxation**

The elements of deferred taxation are as follows:

	<b>2014 £000</b>	<b>2013 £000</b>
Excess of capital allowances over related depreciation	(21)	(18)
Other timing differences	<u>(164)</u>	<u>(180)</u>
Deferred tax asset	<u>(185)</u>	<u>(198)</u>
	<b>2014 £000</b>	<b>2013 £000</b>
At 1 January	(198)	(286)
Deferred tax charge in profit and loss account	(50)	88
Adjustments in respect of earlier years	63	-
At 31 December	<u>(185)</u>	<u>(198)</u>

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<b>15 Issued share capital</b>	<b>Nominal value</b>	<b>2014 Number</b>	<b>2014 £'000</b>	<b>2013 £'000</b>
<i>Allotted, called up and fully paid:</i>				
Ordinary shares	£1 each	216,163	<u>216</u>	<u>55</u>

In May 2014, 160,944 ordinary shares with an aggregate value of £160,944 were allotted for cash at £1 each fully paid.

<b>16 Profit and loss account</b>	<b>2014 £000</b>
At 1 January 2014	25,557
Profit for the financial year	3,397
Dividends	(3,000)
	<hr/>
At 31 December 2014	<u>25,954</u>

**17 Pension commitments**

The company participates in a defined benefit pension scheme where Inter Terminals Limited (formerly Simon Storage Limited) is the principal employer providing benefits based on final pensionable pay. The scheme 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 £420,000 (2013 – £600,000) and included £155,000 of recovery plan payments. Contributions are expected to continue at this level in 2015.

For the group, the pension cost charge for the year relating to this scheme amounted to £1,529,000 (2013 – £1,378,000). No contributions were accrued at the year end (2013 – £nil).

The formal actuarial valuation of the Simon Storage Pension Fund ("the UK Fund") as at 6 April 2013 was updated to the accounting date by an independent qualified actuary in accordance with FRS17. As required by FRS17 the value of the defined benefit liabilities has been measured using the projected unit method. Inter Terminals Limited has taken action to reduce the rate at which members of the UK Fund build up new benefits. These changes were implemented from 1 July 2013.

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>2014</b>	<b>2013</b>	<b>2012</b>
Price inflation	3.1%pa	3.5%pa	3.1% pa
Discount rate	3.7%pa	4.6%pa	4.4% pa
Pension increases (5% LPI)	3.0%pa	3.4%pa	3.0% pa
Salary growth	3.0%pa	3.4%pa	3.0% pa

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**17 Pension commitments (continued)**

Life expectancy for a male member of the UK fund currently aged 65 is assumed to be 21.6 years (2013: 21.6 years). Life expectancy for a male member of the UK fund who will reach age 65 in 20 years' time is assumed to be 23.4 years (2013: 23.3 years). The UK scheme has continued to use retail price index (RPI) as the basis for measuring inflation during 2014. The impact of changing the basis to consumer price index (CPI) is not material.

**Asset distribution and expected return**

	<b>2014</b>	
	Expected Return	Fair Value £000
Equities	6.2%pa	25,246
Bonds	2.9%pa	22,493
Property	4.3%pa	11,988
Cash	0.9%pa	409
<b>Total</b>		<b>60,136</b>

	<b>2013</b>	
	Expected Return	Fair Value £000
Equities	7.5%pa	25,300
Bonds	4.1%pa	21,708
Property	5.6%pa	6,629
Cash	3.6%pa	95
<b>Total</b>		<b>53,732</b>

	<b>2012</b>	
	Expected Return	Fair Value £000
Equities	6.9% pa	23,007
Bonds	3.7% pa	19,372
Property	4.9% pa	6,138
Cash	3.0% pa	220
<b>Total</b>		<b>48,737</b>

Assets are shown at their bid value at 31 December 2014.

The Scheme has a liability of £5,617,000 under FRS 17 (2013 – liability of £3,041,000).

Over the twelve months to 31 December 2014 the contributions paid by Inter Terminals Limited (formerly Simon Storage Limited) and its wholly owned subsidiaries to the UK Fund amounted to £1,529,000. Regular employer contributions were paid at a rate of 15.2% of pensionable salaries for members (increased to reflect those members who have chosen to participate in the salary sacrifice arrangement). In addition, the Company has paid deficit contributions totalling £480,000 over the year to 31 December 2014.

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**17 Pension commitments (continued)**

	<b>2014</b>	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Total fair value of assets	60,136	53,732	48,737
FRS 17 value of liabilities	(65,753)	(56,773)	(49,663)
Gross pension (liability)/asset	<u>(5,617)</u>	<u>(3,041)</u>	<u>(926)</u>

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

	<b>2014</b>	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Opening defined benefit obligation	(56,773)	(49,663)	(44,432)
Employer's part of current service cost	(1,255)	(1,310)	(1,073)
Interest cost	(2,604)	(2,175)	(2,135)
Contributions from plan members	(161)	(282)	(437)
Actuarial loss	(6,675)	(5,673)	(2,993)
Benefits paid	1,715	2,330	1,407
Closing defined benefit obligation	<u>(65,753)</u>	<u>(56,773)</u>	<u>(49,663)</u>

Changes in the fair value of assets are as follows:

	<b>2014</b>	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Opening fair value of assets	53,732	48,737	44,443
Expected return on assets	3,164	2,606	2,363
Actuarial (gain)/loss	3,265	3,059	1,866
Contributions by employer	1,529	1,378	1,035
Contributions by employees	161	282	437
Benefits paid	(1,715)	(2,330)	(1,407)
Closing fair value of assets	<u>60,136</u>	<u>53,732</u>	<u>48,737</u>

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

	<b>2014</b>	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Employer's part of current service cost	1,255	1,310	1,073
Interest cost	2,604	2,175	2,135
Expected return on plan assets	(3,164)	(2,606)	(2,363)
Total expense included in profit and loss	<u>695</u>	<u>879</u>	<u>845</u>

	<b>2014</b>	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Actual return on the fund's assets over the year	<u>6,429</u>	<u>5,665</u>	<u>4,229</u>

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**17 Pension commitments (continued)**

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

	<b>2014</b> <b>£000</b>	<b>2013</b> <b>£000</b>	<b>2012</b> <b>£000</b>
Actuarial loss recognised in the STRGL over the year	3,410	2,614	1,127
Cumulative amount recognised outside profit and loss	<u>14,437</u>	<u>11,027</u>	<u>8,413</u>

Amounts for the current and previous years are as follows:

	<b>2014</b> <b>£000</b>	<b>2013</b> <b>£000</b>	<b>2012</b> <b>£000</b>	<b>2011</b> <b>£000</b>
Scheme liabilities	(65,753)	(56,773)	(49,663)	(44,432)
Scheme assets	<u>60,136</u>	<u>53,732</u>	<u>48,737</u>	<u>44,443</u>
Gross pension (liability)/asset	(5,617)	(3,041)	(926)	11
Assumption changes on scheme liabilities	6,675	5,673	2,993	2,637
Experience adjustments on scheme assets	<u>3,265</u>	<u>3,059</u>	<u>1,866</u>	<u>(1,457)</u>
Net adjustments	<u>9,940</u>	<u>8,732</u>	<u>4,859</u>	<u>1,180</u>

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

**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</b> <b>2014</b> <b>£000</b>	<b>Land and buildings</b> <b>2013</b> <b>£000</b>	<b>Other</b> <b>2014</b> <b>£000</b>	<b>Other</b> <b>2013</b> <b>£000</b>
Operating leases which expire:				
within one year	-	-	16	15
within two to five years	70	52	42	55
in over five years	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>70</u>	<u>52</u>	<u>58</u>	<u>70</u>

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**19 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 (rebranded as a Restricted Share Unit (RSU) following Inter Pipeline Ltd's corporate conversion from its previous limited partnership structure to a corporation). It is valued based on the Inter Pipeline Ltd unit price plus credit for cash distributions paid to unitholders during the period the RSUs are held. The RSU will vest one-third on each of the successive anniversary dates from the date of grant. Upon exercise of a RSU, the amount owing will be paid out in cash, net of the appropriate payroll taxes.

The following table illustrates the number and weighted average prices (WAEP) of, and movements in RSUs during the year.

	<b>2014</b>	<b>2014</b>	<b>2013</b>	<b>2013</b>
	Number	WAEP (£)	Number	WAEP (£)
Outstanding as at 1 January	62,350	20.32	60,831	18.10
Granted during the year	21,809	37.42	20,805	23.29
Forfeited during the year	-	-	-	-
Exercised	(19,781)	21.28	(19,286)	17.84
Outstanding as at 31 December	<u>64,378</u>	<u>26.85</u>	<u>62,350</u>	<u>20.32</u>

For the year ended 31 December 2014, administrative expenses included £802,000 related to RSUs (2013 – £492,000). The liability included in 'creditors: amounts falling due within one year' is £1,439,000.

**20 Post balance sheet events**

On 4 February 2015, the Company issued 99,270 shares with a nominal value of £1 each at a premium of £1,617.03 per share. These were allotted to Inter Terminals Denmark Limited (formerly Inter Terminals Limited) in exchange for 99.8% of the investment in Inter Terminals Denmark Partnership I/S. After this transaction, the Company now owns 99.9% of Inter Terminals Denmark Partnership I/S.

On 10 March 2015, the Company entered into a new £20m credit facility agreement with Royal Bank of Canada. At the date of approval of these financial statements no amounts had been drawn down under this agreement.

**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 ultimate parent, Inter Pipeline Ltd.

**Inter Terminals Limited (formerly Simon Storage Limited)**  
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**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 ultimate parent undertaking and ultimate controlling party of the smallest and largest group of undertakings for which group financial statements are drawn up and of which the company is a member is Inter Pipeline Ltd, a Canadian registered company. Copies of the group financial statements are available on SEDAR at [www.sedar.com](http://www.sedar.com).