

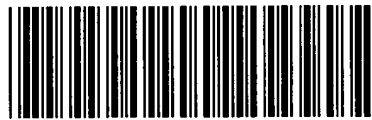
Registration number: 09919887

Pioneer Shipping Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2021

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Pioneer Shipping Limited

Contents

	Page(s)
Strategic Report	1 to 4
Directors' Report	5 to 7
Statement of Directors' Responsibilities	6
Independent Auditor's Report	8 to 11
Income Statement	12
Statement of Comprehensive Income	13
Statement of Financial Position	14
Statement of Changes in Equity	15
Notes to the Financial Statements	16 to 26

Pioneer Shipping Limited

Strategic Report for the Year Ended 31 December 2021

The Directors present their Strategic Report for Pioneer Shipping Limited (the 'Company') for the year ended 31 December 2021.

Principal activity

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 are used by CLNG Co in order to fulfil their obligations to ship LNG to customers.

Section 172(1) Statement

In promoting the success of the Company, the Directors must consider the interests of stakeholders and the other matters required by section 172(1) (a) to (f) of the Companies Act, 2006 ('the Act').

This Section 172(1) Statement describes the relevant items for the Company. The Company is a subsidiary of Centrica plc and its activities support the wider strategy of the Centrica Group. Where appropriate, for example, in matters of long-term strategy, decision-making is aligned with that of the ultimate parent company Board, ensuring that stakeholders of the Company have been rigorously considered.

General confirmation of Directors' duties

Directors are fully aware of and understand their statutory duties under the Act. Day to day authority is delegated to executives, and the Directors are supported by management in setting, approving and overseeing the execution of the business strategy and related policies. The executives consider the Company's activities, such as reviewing financial and operational performance, business strategy, key risks, stakeholder-related matters, governance, and legal and regulatory compliance and make decisions.

Section 172(1) of the Act provides that each Director must ensure that they act in the way they consider, in good faith, would most likely promote the Company's success for the benefit of its members as a whole, and in doing so have regard (among other matters) to section 172(1) (a) to (f) as described below.

(a) The likely consequences of any decision in the long term

Centrica plc is conscious that decisions made by all Group companies could have an impact on other stakeholders where relevant. By considering the Group's purpose, vision and values together with its strategic priorities and having a process in place for decision-making, the Group aims to ensure that the decisions of all Group companies, including the Company, are consistent and appropriate in all circumstances. Decisions regarding payment of any dividends by subsidiary companies of Centrica plc are taken at a Group level based upon the expertise and professional guidance of the Group's financial controllers, taking into account a range of factors, including: the long-term viability of the Company; its expected cash flow and financing requirements; the ongoing need for strategic investment in the Company; and the expectations of the ultimate parent company's shareholders as a supplier of long-term equity capital to the Company.

(b) The interests of the company's employees

Although the Directors recognise that employees within the Group are fundamental to the future growth and success of Centrica, the Company has no direct employees therefore the consideration of the interests of the Company's employees has not applied to the decisions made by the Directors.

Pioneer Shipping Limited

Strategic Report for the Year Ended 31 December 2021 (continued)

(c) The need to foster the company's business relationships with suppliers, customers and others

Centrica plc recognises the benefits for all Group companies of engaging with a broad range of stakeholders and that developing and delivering the Group's strategy depends on building and maintaining constructive relationships. In ensuring the Company fosters the business relationships with suppliers, customers and others, the Company and its Directors are therefore supported by the overarching programme of extensive engagement with such stakeholders that is conducted across the wider Centrica Group. The Company continued to foster existing and create new business relationships with counterparties in the markets in which it operates. For example, in Q1 the Company chartered-out its time-chartered vessel Gaslog Windsor to a Japanese marine transportation company for a period of 410 days.

The breadth of stakeholder considerations in our operating or commercial trading companies is set out on pages 8 to 9 of Centrica plc's Annual Report and Accounts 2021.

(d) The impact of the company's operations on the community and the environment

Centrica plc appreciates that collaboration with charities and community groups helps to create stronger communities and provides insights that enable the Group to understand the impact of all Group companies on the community and environment, and the consequences of its decisions in the long term. In ensuring the Company takes into account the impact of its operations on the community and the environment, the Company and its Directors are supported by the overarching programme of extensive engagement with the community and wider environment that is conducted across the wider Centrica Group. Further information about how the Centrica Group engages with communities and NGOs can be found on pages 30 to 31 of Centrica plc's Annual Report and Accounts 2021.

(e) The desirability of the company maintaining a reputation for high standards of business conduct

The Board adheres to Centrica Group's "Our Code" code of conduct which all Centrica Group employees are subject to setting out the high standards and behaviours we expect from those that work for us or with us.

(f) The need to act fairly as between members of the company

The Company's activities support the wider strategy of the Centrica Group and, owing to the fact the Company is a wholly owned subsidiary of Centrica plc, the Directors are required only to balance the interests of corporate shareholders that are themselves wholly owned subsidiaries of Centrica plc, rather than any third party members.

Culture

The Company's culture is set by the Group and embedded in all we do. Further information on the Group's culture can be found on pages 26 to 36 of Centrica plc's Annual Report and Accounts 2021.

Stakeholder Engagement

As is normal for large companies, the Directors delegate authority for day to day management of the Company to executives engaged in setting, approving and overseeing execution of the business strategy and related policies of the Group. While there may be cases where the Directors judge that the Company should engage directly with certain stakeholder groups or on specific issues, the size and spread of both our stakeholders and the Group means that generally, stakeholder engagement best takes place at an operational or Group level. The Directors consider that as well as being a more efficient and effective approach, this also helps achieve a greater positive impact on environmental, social and other issues than working alone as an individual company. A description of how the Group engages with its stakeholders is set out on pages 8 to 9 of Centrica plc's Annual Report and Accounts 2021.

Culture

The Company's culture is set by the Group and embedded in all we do. Further information on our culture can be found on page 48 of the Group's Annual Report and Accounts 2021.

Pioneer Shipping Limited

Strategic Report for the Year Ended 31 December 2021 (continued)

Ukraine conflict

The Company is a subsidiary of the Centrica group, and as such is impacted by the energy crisis and Ukraine conflict. The energy markets remain very volatile, but the Centrica group continues to maintain a hedging strategy to minimise the exposure to market prices. The Company does not own any businesses or operate in Russia or Ukraine and so has no direct impacts from those two countries. Furthermore, the Company has no investments in Russian entities or bonds. Although the increased sanctions could affect LNG trading with respect to Russian counterparties, the Company takes appropriate precautions including due diligence and on-going monitoring of sanctions compliance to ensure there is not a breach of laws and regulations.

The Company is not expecting any direct material impacts from the above but will keep monitoring the position.

Review of the business

The financial position of the Company is presented in the Statement of Financial Position on page 14. Total equity as at 31 December 2021 was \$(266,000) (2020: \$(1,199,000)). The profit for the financial year ended 31 December 2021 is \$933,000 (2020: \$1,990,000 loss).

The Company presented a profit for 2021 compared to a loss for 2020. In 2020 the Company commenced the lease of two LNG vessels which gave rise to the recognition of the right-of-use assets and associated depreciation, together with the right-of-use liabilities and interest expense. The depreciation of the right-of-use assets is calculated on a straight-line basis over the lease term, while in the first month of each lease the Company were only able to charge nominal lease income of \$1 to the Centrica group company customer during handover and re-location of the vessels. This resulted in the operating loss in 2020 and shareholders deficit, this loss is not expected to re-occur in future periods and the shareholders deficit is fully expected to unwind in future years.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with those of the Centrica plc group (the 'Group') and are not managed separately. The principal risks and uncertainties of the Group, which include those of the Company, are disclosed on pages 38-43 of the Group's Annual Report and Accounts 2021, which does not form part of this report.

Key performance indicators ('KPIs')

Given the nature of the business, the Company's Directors are of the opinion that the KPIs necessary for an understanding of the development performance and position of the Company are net assets and profit after tax.

The Directors of the Group use a number of KPIs to monitor progress against the Group's strategy. The development, performance and position of the Group, which includes the Company, are disclosed on pages 14-15 of the Group's Annual Report and Accounts 2021, which does not form part of this report. The results of the Company are disclosed in the Directors' Report on page 5.

In addition to the Group KPIs noted above, the Directors of the Company believe that the gross profit which drives the operating profit of the business is the critical KPI specific to the Company. The operating profit is noted within the income statement reported on page 12. The operating profit forms part of the monthly reporting pack reviewed by senior management to gain an understanding of the performance of the business.

Pioneer Shipping Limited

Strategic Report for the Year Ended 31 December 2021 (continued)

Future developments

The Directors expect the Company to continue the contracting of liquified natural gas ship charters for Centrica LNG Company Limited for the foreseeable future.

16 September 2022

Approved by the Board on and signed on its behalf by:



Samantha Hood

.....
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
United Kingdom

Pioneer Shipping Limited

Directors' Report for the Year Ended 31 December 2021

The Directors present their report and the audited financial statements for the year ended 31 December 2021.

Directors of the Company

The Directors of the Company, who were in office during the year and up to the date of signing the financial statements were as follows:

D L Dunlavy (resigned 2 May 2022)

A F Gallego Diaz

C Mangerah

A Z Longmuir

S G Gerova

Results and dividends

The results of the Company are set out on page 12. The profit for the financial year ended 31 December 2021 is \$933,000 (31 December 2020: \$1,990,000 loss).

The Company did not pay an interim dividend during the year (2020: \$nil) and the Directors do not recommend the payment of a final dividend (2020: \$nil).

Financial risk management policy

The Directors have established objectives and policies for managing financial risks to enable the Company to achieve its long-term shareholder value growth targets within a prudent risk management framework. These objectives and policies are regularly reviewed.

Exposure in terms of price risk, credit risk, liquidity risk and cash flow risk

Exposure to counterparty credit risk, liquidity risk and cash flow risk arises in the normal course of the Company's business. Cash forecasts identifying the liquidity requirements of the Company are produced frequently and reviewed regularly. Liquidity risk is managed through funding arrangements with Group undertakings.

Future developments

Future developments are discussed in the Strategic Report on page 4.

Going concern

The Directors have received confirmation that provided the Company remains part of the Group, Centrica plc will support the Company for at least one year after the financial statements were authorised for issue and that amounts owed to Group undertakings will not be required to be repaid for the foreseeable future unless sufficient financial resources and facilities are available to the Company.

In the context of the continuing economic uncertainty caused by commodity price volatility and energy market uncertainty, the Directors have updated their Group going concern assessment as at 30 June 2022 to factor in the Group's updated principal risks, strategy and forecasts, together with modelling further downside sensitivities. The going concern assessment has considered the financial impact on the Group's credit and liquidity headroom of certain stress events impacting the Group's key risks over a 12-18 month horizon. The Group's forecasts show that the Group will maintain sufficient headroom, underpinned by unrestricted cash and cash equivalents, net of bank overdrafts, of c.£3.4 billion as at 30 June 2022, and c.£2.9 billion of undrawn committed facilities, which remain committed until at least 2024.

The Centrica Group interim results were released on 28th July 2022. These demonstrated a resilient financial performance despite a difficult energy supply situation, increases in wholesale gas price, and the ongoing challenges caused by the pandemic. The Group's balance sheet continues to be much stronger than 2020, with a positive cash position of £0.3 billion compared to 2020 when the Group had net debt of £3.0 billion and an overall adjusted operating profit of £1,342m at half year.

Pioneer Shipping Limited

Directors' Report for the Year Ended 31 December 2021 (continued)

Going concern (continued)

On the basis of the enquiries made, and the fact that Centrica plc, the ultimate parent company, has confirmed it will continue to support the Company, the Directors have concluded that the Company should be able to meet its liabilities as they fall due for the foreseeable future, and therefore the financial statements have been prepared on a going concern basis.

Post balance sheet events

Events after the reporting period are detailed in note 19 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.

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 apply them consistently;
- make judgements and accounting 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 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website which, in the absence of a website for Pioneer Shipping Limited, we refer to the Centrica plc Group website for this responsibility. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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 that 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. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Pioneer Shipping Limited

Directors' Report for the Year Ended 31 December 2021 (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 16 September 2022 and signed on its behalf by:



Samantha Hood

.....
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
United Kingdom

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 Pioneer Shipping Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 'Reduced Disclosure Framework'; 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 19.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (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 Financial Reporting Council's (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 relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Pioneer Shipping Limited

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

Responsibilities of Directors

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, 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.

Auditor's 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the documentation of the policies and procedures relating to fraud and compliance with laws and regulations that has been established by the Company's ultimate parent. We also enquired of management about their own identification and assessment of the risks of irregularities.

Pioneer Shipping Limited

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

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

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.

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.

Pioneer Shipping Limited

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

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.

D. Winstone
Daryl Winstone (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London
United Kingdom

Date: 16/9/22

Pioneer Shipping Limited

Income Statement for the Year Ended 31 December 2021

	Note	2021 \$ 000	2020 \$ 000
Revenue	4	71,032	52,213
Cost of sales	5	<u>(65,405)</u>	<u>(51,233)</u>
Gross profit		5,627	980
Operating costs	5	<u>(1,744)</u>	<u>(1,488)</u>
Operating profit/(loss)		3,883	(508)
Finance costs	7	<u>(2,731)</u>	<u>(1,948)</u>
Profit/(loss) before taxation		1,152	(2,456)
Taxation on profit/(loss)	10	<u>(219)</u>	<u>466</u>
Profit/(loss) for the year from continuing operations		<u>933</u>	<u>(1,990)</u>

The above results were derived from continuing operations.

Pioneer Shipping Limited

Statement of Comprehensive Income for the Year Ended 31 December 2021

	2021	2020
	\$ 000	\$ 000
Profit/(loss) for the year	<u>933</u>	<u>(1,990)</u>
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income/(expense) for the year	<u>933</u>	<u>(1,990)</u>

The notes on pages 16 to 26 form an integral part of these financial statements.

Pioneer Shipping Limited

Statement of Financial Position as at 31 December 2021

	Note	2021 \$ 000	2020 \$ 000
Non-current assets			
Property, plant and equipment	11	200,506	237,668
Current assets			
Trade and other receivables	12	5,980	17,412
Cash and cash equivalents	13	40	-
		<u>6,020</u>	<u>17,412</u>
Total assets		<u>206,526</u>	<u>255,080</u>
Current liabilities			
Trade and other payables	15	(5,039)	(17,998)
Borrowings	14	<u>(38,991)</u>	<u>(39,003)</u>
		<u>(44,030)</u>	<u>(57,001)</u>
Net current liabilities		<u>(38,010)</u>	<u>(39,589)</u>
Total assets less current liabilities		<u>162,496</u>	<u>198,079</u>
Non-current liabilities			
Borrowings	14	<u>(162,762)</u>	<u>(199,278)</u>
		<u>(162,762)</u>	<u>(199,278)</u>
Net liabilities		<u>(266)</u>	<u>(1,199)</u>
Equity			
Share capital	16	-	-
Retained earnings		<u>(266)</u>	<u>(1,199)</u>
Total equity		<u>(266)</u>	<u>(1,199)</u>

The financial statements on pages 12 to 26 were approved and authorised for issue by the Board of Directors on

16 September 2022 and signed on its behalf by:



.....
S G Gerova
Director

Company number 09919887

The notes on pages 16 to 26 form an integral part of these financial statements.

Pioneer Shipping Limited

Statement of Changes in Equity for the Year Ended 31 December 2021

	Share capital \$ 000	Retained earnings \$ 000	Total equity \$ 000
At 1 January 2021	-	(1,199)	(1,199)
Profit for the year	-	933	933
Total comprehensive income	-	933	933
At 31 December 2021	-	(266)	(266)

	Share capital \$ 000	Retained earnings \$ 000	Total equity \$ 000
At 1 January 2020	-	791	791
Loss for the year	-	(1,990)	(1,990)
Total comprehensive expense	-	(1,990)	(1,990)
At 31 December 2020	-	(1,199)	(1,199)

The notes on pages 16 to 26 form an integral part of these financial statements.

Pioneer Shipping Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

1 General information

Pioneer Shipping Limited (the 'Company') is a private company limited by shares, incorporated and domiciled in the United Kingdom under the Companies Act, 2006 and registered in England and Wales.

The address of its 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 pages 1 to 4.

2 Accounting policies

Basis of preparation

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

The Company financial statements are presented in US dollar which is the functional currency of the Company.

Changes in accounting policy

From 1 January 2021, the following standards and amendments are effective in the Company's Financial Statements:

- Amendments to IFRS 17 and IFRS 4: 'Insurance Contracts' - deferral of IFRS 9; and
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform - Phase 2.

None of these changes or amendments had any material impact on the Company's financial statements.

Summary of disclosure exemptions

In these financial statements, as a qualifying entity 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;
- prior year reconciliations for property, plant and equipment and intangible assets;
- 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;
- disclosures in respect of capital management; and
- disclosures in respect of maturity analysis of lease liabilities.

Pioneer Shipping Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

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 the following disclosures:

- certain disclosures required by IFRS 13 'Fair Value Measurement' (paragraphs 91 to 99) 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.

Measurement convention

The financial statements have been prepared on the historical cost basis.

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. US Dollar has been determined to be the Company's functional currency as a consequence of the global LNG vessel market being a USD denominated market, and this market is considered the primary economic environment that the Company operates in. 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 \$1.34 to £1.00 (2020: \$1.37 to £1.00)
- The average 2021 exchange rate applied is \$1.37 to £1.00 (2020: \$1.29 to £1.00)

Going concern

The Directors have received confirmation that provided the Company remains part of the Group, Centrica plc will support the Company for at least one year after the financial statements were authorised for issue and that amounts owed to Group undertakings will not be required to be repaid for the foreseeable future unless sufficient financial resources and facilities are available to the Company.

In the context of the continuing economic uncertainty caused by commodity price volatility and energy market uncertainty, the Directors have updated their Group going concern assessment as at 30 June 2022 to factor in the Group's updated principal risks, strategy and forecasts, together with modelling further downside sensitivities. The going concern assessment has considered the financial impact on the Group's credit and liquidity headroom of certain stress events impacting the Group's key risks over a 12-18 month horizon. The Group's forecasts show that the Group will maintain sufficient headroom, underpinned by unrestricted cash and cash equivalents, net of bank overdrafts, of c.£3.4 billion as at 30 June 2022, and c.£2.9 billion of undrawn committed facilities, which remain committed until at least 2024.

The Centrica Group interim results were released on 28th July 2022. These demonstrated a resilient financial performance despite a difficult energy supply situation, increases in wholesale gas price, and the ongoing challenges caused by the pandemic. The Group's balance sheet continues to be much stronger than 2020, with a positive cash position of £0.3 billion compared to 2020 when the Group had net debt of £3.0 billion and an overall adjusted operating profit of £1,342m at half year.

On the basis of the enquiries made, and the fact that Centrica plc, the ultimate parent company, has confirmed it will continue to support the Company, the Directors have concluded that the Company should be able to meet its liabilities as they fall due for the foreseeable future, and therefore the financial statements have been prepared on a going concern basis.

Pioneer Shipping Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

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 years presented, unless otherwise stated.

Revenue recognition

The Company recognises IFRS 15 revenue from the contracting of LNG shipping services to Centrica LNG Company Limited ('CLNG Co') in line with the five-step approach to revenue recognition required by IFRS 15. 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. The provision of shipping services to CLNG Co was determined not to be a lease as there is no specified asset and therefore is accounted for as IFRS 15 'Revenue from contracts with customers' and not as leases under IFRS 16.

Cost of sales

Cost of sales includes charter rates and associated charges.

Leases

Definition of a lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset;
- the Company has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset.

As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

Pioneer Shipping Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounting using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise: fixed payments (including in-substance fixed payments), variable lease payments that depend on an index or a rate (initially measured using the index or rate as at the commencement date), amounts expected to be payable under a residual value guarantee, and the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early. Variable lease payments that do not depend on an index or rate are recognised in profit or loss in the period in which the event or condition that triggers those payments occurs. The lease liability is subsequently measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, lease-term extension or termination option. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company recognises the lease payments associated with short-term leases (leases expiring within twelve months from commencement) and leases of low value assets (underlying asset value less than £5,000) on a straight-line basis over the lease term.

Foreign currencies

Transactions in foreign currencies are, on initial recognition, recorded in the functional currency of the Company at the exchange rate ruling at the date of the transaction.

Non-monetary items that are measured at historical cost in a currency other than the functional currency of the Company are translated using the exchange rate prevailing at the dates of the initial transaction and are not retranslated. Non-monetary items measured at fair value in foreign currencies are retranslated at the rates prevailing at the date when the fair value was measured.

Pioneer Shipping Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Taxation

Current tax, including UK corporation 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 reporting 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 reporting date, except to the extent that the deferred tax arises from the initial recognition of goodwill (if impairment of goodwill is not deductible for tax purposes) 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 reporting date.

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 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 expected credit losses.

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 initially recognised at fair value, which is usually the original invoice amount and are subsequently held at amortised cost using the effective interest method (although, in practice, the discount is often immaterial). If payment is due within one year or less, payables are classified as current liabilities. If not, they are presented as non-current liabilities.

- 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.

- Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and current balances with banks and similar institutions, which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value and have an original maturity of three months or less.

Pioneer Shipping Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

- Loans and other borrowings

All interest-bearing and interest-free loans and other borrowings are initially recognised at fair value net of directly attributable transaction costs. After initial recognition, these financial instruments are measured at amortised cost using the effective interest method, except when they are the hedged item in an effective fair value hedge relationship where the carrying value is also adjusted to reflect the fair value movements associated with the hedged risks. Such fair value movements are recognised in the Company's Income Statement. Amortised cost is calculated by taking into account any issue costs, discount or premium, when applicable.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, 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 the associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. In the Directors' opinion there are no critical judgements, apart from those involving estimations (which are dealt with separately below).

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

In the Directors' opinion there are no other key sources of estimation uncertainty.

Leases

The Company has leases for two material LNG vessels which have given rise to the recognition of right-of-use assets and right-of-use liabilities. The Company makes judgements and estimates in considering the lease term and discount rate used and considers these judgements to be appropriate. See note 14 for details on lease terms.

4 Revenue

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

	2021	2020
	\$ 000	\$ 000
Vessel charter services (IFRS 15)	<u>71,032</u>	<u>52,213</u>

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

Pioneer Shipping Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

5 Analysis of costs by nature

	2021			2020		
	Cost of sales \$ 000	Operating costs \$ 000	Total costs \$ 000	Cost of sales \$ 000	Operating costs \$ 000	Total costs \$ 000
Depreciation	(37,162)	-	(37,162)	(22,463)	-	(22,463)
Charter costs	(28,243)	-	(28,243)	(28,770)	-	(28,770)
Recharges	-	(1,744)	(1,744)	-	(1,488)	(1,488)
Total costs by nature	<u>(65,405)</u>	<u>(1,744)</u>	<u>(67,149)</u>	<u>(51,233)</u>	<u>(1,488)</u>	<u>(52,721)</u>

6 Employee costs

The Company has no employees (2020: nil) and no direct staff costs (2020: nil). Any costs relating to employees are borne by other Group companies and recharged to the Company, as shown in note 5.

7 Net finance cost

Finance cost

	2021 \$ 000	2020 \$ 000
Interest expense on lease liabilities	<u>(2,731)</u>	<u>(1,948)</u>
Total finance costs	<u>(2,731)</u>	<u>(1,948)</u>
Net finance cost	<u>(2,731)</u>	<u>(1,948)</u>

8 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.

9 Auditor's remuneration

Auditor's remuneration totalling \$34,526 (2020: \$28,222) 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 2021 (continued)

10 Income tax

Tax (charged)/credited in the Income Statement

	2021 \$ 000	2020 \$ 000
Current taxation		
UK corporation tax at 19% (2020: 19%)	<u>(219)</u>	<u>466</u>

The UK rate of corporation tax for the year to 31 December 2021 was 19% (2020: 19%).

The standard rate of UK corporation tax is 19% and this took effect from 1 April 2017. However, in March 2021, Finance Bill 2021 included measures to increase the standard rate of UK corporation tax to 25% with effect from 1 April 2023.

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

	2021 \$ 000	2020 \$ 000
Profit/(loss) before tax	<u>1,152</u>	<u>(2,456)</u>
Tax on profit/(loss) at standard UK corporation tax rate of 19% (2020: 19%)	(219)	467
Increase arising from Group relief tax reconciliation	(7)	(4)
Decrease from transfer pricing adjustments	<u>7</u>	<u>4</u>
Total tax (charge)/credit	<u>(219)</u>	<u>467</u>

11 Property, plant and equipment

	Vessels \$ 000	Total \$ 000
Cost		
At 1 January 2021	<u>260,131</u>	<u>260,131</u>
At 31 December 2021	<u>260,131</u>	<u>260,131</u>
Accumulated depreciation		
At 1 January 2021	(22,463)	(22,463)
Charge for the year	<u>(37,162)</u>	<u>(37,162)</u>
At 31 December 2021	<u>(59,625)</u>	<u>(59,625)</u>
Net book value		
At 31 December 2021	<u>200,506</u>	<u>200,506</u>
At 31 December 2020	<u>237,668</u>	<u>237,668</u>

Pioneer Shipping Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

11 Property, plant and equipment (continued)

The Company commenced the lease of two vessels in April and July 2020, each lease has a seven-year term. Commencement of the lease gave rise to the recognition of right-of-use assets and lease liabilities. Vessels at 31 December 2021 reflect right-of-use assets with a net book value of \$200,506,000 (2020: \$237,668,000) which are recognised in accordance with IFRS 16. Additions in the year amounted to £nil (2020: \$260,131,000) and depreciation to \$37,162,000 (2020: \$22,463,000).

The right-of-use assets are used to provide inter-company shipping services and the revenue received from this was \$52,445,000 in 2021 (2020: \$27,522,000).

12 Trade and other receivables

	2021 Current \$ 000	2020 Current \$ 000
Trade receivables	2,145	1,625
Amounts owed by Group undertakings	3,835	14,795
Prepayments	-	992
	<u>5,980</u>	<u>17,412</u>
	<u>5,980</u>	<u>17,412</u>

The amounts owed by Group undertakings have been presented on a net basis if there is a legal right of offset, and the intent is to settle amounts on a net basis. All amounts owed by Group undertakings are interest-free, unsecured and repayable on demand.

13 Cash and cash equivalents

	2021 \$ 000	2020 \$ 000
Cash at bank	<u>40</u>	<u>-</u>

14 Loans and borrowings

	31 December 2021 \$ 000	31 December 2020 \$ 000
Non-current bank overdrafts, loans and borrowings		
Lease liabilities	<u>(162,762)</u>	<u>(199,278)</u>

Pioneer Shipping Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

14 Loans and borrowings (continued)

	2021 \$ 000	2020 \$ 000
Current bank overdrafts, loans and borrowings		
Bank borrowings	-	(12)
Lease liabilities	<u>(38,991)</u>	<u>(38,991)</u>
	<u>(38,991)</u>	<u>(39,003)</u>

Leases

The Company commenced the lease of two LNG vessels in April and July 2020. In each lease, the seven-year term excludes a six year extension option for the Company because it is not reasonably certain that the option will be exercised. Similarly, the determination of the lease term does not reflect a termination option as it is reasonably certain that the option will not be exercised. Commencement of the leases gave rise to the recognition of right-of-use assets and lease liabilities. The termination fee would be \$75,000,000 per ship.

15 Trade and other payables

	2021 Current \$ 000	2020 Current \$ 000
Amounts owed to Group undertakings	(44)	(12,178)
Transportation accruals	(3,026)	(1,900)
Deferred income	<u>(1,969)</u>	<u>(3,920)</u>
	<u>(5,039)</u>	<u>(17,998)</u>

The amounts owed by Group undertakings have been presented on a net basis if there is a legal right of offset, and the intent is to settle amounts on a net basis. Included within the net amounts owed to Group undertakings disclosed above is \$252,000 (2020: \$12,462,000) that bears interest at a quarterly rate determined by Group Treasury and linked to the Group cost of funds. The quarterly rate ranged between 3.61% and 4.23% per annum during 2021 (2020: 4.42% and 4.73%). The other net amounts owed to Group undertakings are interest-free. All amounts owed by Group undertakings are unsecured and repayable on demand.

16 Capital and reserves

Allotted, called up and fully paid shares

	2021		2020	
	No.	\$	No.	\$
Ordinary shares of \$1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

Pioneer Shipping Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

17 Commitments and contingencies

Contractual commitments in relation to other contracts

The Company enters into lease arrangements for vessel charters. The carrying amount, additions and depreciation charge associated with right-of-use assets is disclosed in note 11 and the interest expense arising on the Company's lease liability is disclosed in note 7. The table below provides further information on commitments not included in the lease liability:

	2021 \$ 000	2020 \$ 000
LNG short term charters	-	(3,150)
	<u>-</u>	<u>(3,150)</u>

Other lease arrangements

The Company has utilised the exemption under IFRS 16 from on balance sheet accounting for short term leases under IFRS 16. The table below provides further information on amounts not included in the lease liability and charged to the Company Income Statement during the year.

	2021 \$ 000	2020 \$ 000
Expense related to short-term leases	<u>(12,242)</u>	<u>(22,529)</u>

18 Parent and ultimate parent undertaking

The immediate parent undertaking is GB Gas Holdings Limited, a company registered in England and Wales.

The ultimate parent undertaking 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.

The registered address of Centrica plc is Millstream, Maidenhead Road, Windsor, Berkshire SL4 5GD.

19 Non-adjusting events after the financial period

There are no adjusting or non-adjusting post balance sheet events for the Company.