

**BG EMPLOYEE SHARES TRUSTEES LTD**  
(Formerly British Gas Employee Shares Trustees Ltd)

**DIRECTORS' REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED 31 DECEMBER 1996**



## **BG EMPLOYEE SHARES TRUSTEES LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1996**

The Directors submit their report and the audited accounts of the Company for the year ended 31 December 1996.

#### **PRINCIPAL ACTIVITIES**

The principal activity of the Company is to act as the trustee for the employees of the ultimate parent company in accordance with the terms of the Trust Deed and Rules dated 27 October 1986 which govern "The British Gas Employee Profit Sharing Scheme" (the Scheme) (now renamed as "The BG Employee Profit Sharing Scheme").

#### **BUSINESS REVIEW AND FUTURE DEVELOPMENTS**

The number of participants in the Scheme and the number of ordinary shares of the ultimate parent company held by the Company as trustee on behalf of the participants, is as follows:-

	<b>31 December 1996</b>	<b>31 December 1995</b>
Number of participants	68,473	81,023
Number of ordinary shares - BG plc	16,978,853	41,112,263

The Company has been advised by the Board of the ultimate parent company that it has decided that the Scheme should not be operated after the announcement of the British Gas plc annual results in February 1997. For 1996, no profits have been set aside for the provision of ordinary shares of the Company on behalf of eligible employees (1995 £18,300,000).

The parent company, BG plc, demerged into two separately listed companies on 17 February 1997 when the name of British Gas plc was changed to BG plc and the Company changed its name from British Gas Employee Shares Trustees to BG Employee Share Trustees. Current and former employees of British Gas plc who held shares in Trust at the date of demerger were eligible for BG plc and Centrica plc shares and both companies' shares will be released from Trust at the same time. Centrica plc employees will also be entitled to any share allocation for 1997 in respect of the six weeks to the Demerger.

Any operation of the Scheme in future years will continue to be at the discretion of the Board of the ultimate parent company, and dependent upon the performance of BG plc and its subsidiary and associated undertakings.

The Company will continue to act as trustee of the Scheme.

#### **DIVIDENDS**

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 1996 (31 December 1995 nil).

## **BG EMPLOYEE SHARES TRUSTEES LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1996 (CONTINUED)**

#### **DIRECTORS**

The following served as Directors during the year:-

G L Bateson (resigned 29 October 1996)  
C E Chamberlain (appointed 29 April 1997)  
D W Cottrell (Chairman resigned 18 March 1996)  
K Cowan (appointed 29 October 1996 and removed 3 February 1997)  
J H Jackson (resigned 3 February 1997)  
E P Jones (appointed Chairman 18 March 1996)  
R King (appointed 29 October 1996)  
C E Lancelott (appointed 29 October 1996)  
P G Leslie (appointed 30 March 1996 and resigned 29 October 1996)  
R J Matthews  
J Parkin (resigned 29 October 1996)  
J G Shoebridge (resigned 29 April 1997)  
R J Whitehouse (resigned 31 March 1996)

#### **DIRECTORS' INTERESTS**

- (1) Directors holding office on 31 December 1996 did not have any beneficial interest in the shares of the Company or any other company within the British Gas Group at any time during the year except for interests in the shares of the ultimate parent company, British Gas plc. These interests (which include those of their families), are as stated below:-

	<b><u>BENEFICIAL HOLDINGS</u></b>		<b><u>EXECUTIVE SHARE OPTIONS</u></b>	
	<b>31 Dec 1996</b>	<b>31 Dec 1995</b>	<b>31 Dec 1996</b>	<b>31 Dec 1995</b>
K Cowan	229	229 *	-	-
J H Jackson	4,101	3,630	21,804	21,804
E P Jones	1,470	0 *	-	-
R King	7,305	7,305 *	-	-
C E Lancelott	4,003	4,003 *	-	-
R J Matthews	1,419	392	-	-

\* As at date of appointment

**BG EMPLOYEE SHARES TRUSTEES LIMITED**

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1996 (CONTINUED)**

**SAVINGS RELATED SHARE  
OPTIONS**

	<b><u>31 Dec</u></b> <b><u>1996</u></b>	<b><u>31 Dec</u></b> <b><u>1995</u></b>
R King	7,459	7,459 *
C E Lancelott	3,246	3,246 *
R J Matthews	5,190	7,558

\* As at date of appointment.

**LONG - TERM INCENTIVE  
SCHEME**  
Notional Allocation

	<b><u>31 Dec</u></b> <b><u>1996</u></b>	<b><u>1 Dec</u></b> <b><u>1995</u></b>
R King	5,691	5,691 *
J H Jackson	8,271	8,271

\* As at date of appointment.

(2) No options were granted or exercised during 1996.

**DIRECTORS' INSURANCE**

The ultimate parent company has purchased insurance to cover the Directors against liabilities in relation to the Company.

**AUDITORS**

A resolution to re-appoint the retiring auditors, Price Waterhouse, and to authorise the Directors to fix their remuneration will be proposed at the next general meeting.

By order of the Board

.....*E. Thorpe*.....

Elizabeth Thorpe  
Secretary

Registered Office:  
100 Thames Valley Park Drive  
Reading  
Berkshire  
RG6 IPT  
Registered in England  
No. 2023808

Date *25/1/97*.....1997

## **BG EMPLOYEE SHARES TRUSTEES LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

The Directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for the financial year.

The Directors consider that in preparing the financial statements on pages 6 to 8, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates and that all accounting standards which they consider to be applicable have been followed.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors, having prepared the financial statements, have requested the auditors to take whatever steps and undertake whatever inspections they consider to be appropriate for the purpose of enabling them to give their audit report.

**BG EMPLOYEE SHARES TRUSTEES LIMITED**

**AUDITORS' REPORT TO THE MEMBERS OF BG EMPLOYEE SHARES TRUSTEES LIMITED**

We have audited the financial statements on pages 6 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

**Respective responsibilities of Directors and auditors**

As described on page 4, the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.


**Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 1996 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
**Price Waterhouse**  
**Chartered Accountants**  
**and Registered Auditors**  
**Southwark Towers**  
**32 London Bridge Street**  
**London SE1 9SY**

Date ..... 25/9/ 1997

# BG EMPLOYEE SHARES TRUSTEES LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER	Notes	1996 £	1995 £
CURRENT ASSETS			
Debtors	3	3,312	17,560
Cash at bank and in hand		<u>363,609</u>	<u>489,839</u>
		366,921	507,399
CREDITORS (amounts falling due within one year)	4	<u>(366,919)</u>	<u>(507,397)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2</u>	<u>2</u>
CAPITAL AND RESERVES			
Called up share capital	5	<u>2</u>	<u>2</u>

No recognised gains or losses arose in the financial year.

These accounts were approved by the Board of Directors on .....1997 and  
were signed on its behalf by:

  
.....  
Director

25<sup>th</sup> September 1997  
.....  
Date

The accompanying notes on pages 7 and 8 form part of these accounts.

# **BG EMPLOYEE SHARES TRUSTEES LIMITED**

## **NOTES TO THE ACCOUNTS - 31 DECEMBER 1996**

### **(1) PRINCIPAL ACCOUNTING POLICIES**

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

### **(2) PROFIT AND LOSS ACCOUNT**

The Company has no income and under the provisions of the Trust Deed and Rules dated 27 October 1986 all costs and expenses of the trustees (including the audit fee) are met by the ultimate parent company.

The Company has no employees (1995 nil). The Chairman and Directors received no emoluments in respect of their services to the Company during the year (1995 nil).

### **(3) DEBTORS**

	31 Dec 1996 £	31 Dec 1995 £
AMOUNTS FALLING DUE WITHIN ONE YEAR.		
Accrued proceeds from the sale of shares authorised by participants	<u>3,312</u>	<u>17,560</u>

### **(4) CREDITORS**

	31 Dec 1996 £	31 Dec 1995 £
AMOUNTS FALLING DUE WITHIN ONE YEAR		
To participants leaving the Scheme	12,419	23,617
Income tax collected from participants leaving the scheme	391	210,428
Unclaimed dividends owed to participants	354,109	273,352
Bank overdraft	<u>-</u>	<u>-</u>
	<u>366,919</u>	<u>507,397</u>

### **(5) SHARE CAPITAL**

	31 Dec 1996 £	31 Dec 1995 £
<u>Authorised</u>		
100 ordinary shares of £1 each (1995 100)	<u>100</u>	<u>100</u>
<u>Issued, allotted and fully paid</u>		
2 ordinary shares of £1 each (1995 2)	<u>2</u>	<u>2</u>



**BG EMPLOYEE SHARES TRUSTEES LIMITED**

**NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (CONTINUED)**

(6) **RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

There was no movement in shareholders' funds during the financial year (1995 nil).

(7) **ULTIMATE PARENT COMPANY**

The Company is a wholly owned subsidiary undertaking of BG plc which is registered in England and Wales. On 17 February, British Gas plc changed its name to BG plc. BG plc is the only company to consolidate the accounts of this Company. Copies of the group accounts of BG plc may be obtained from BG plc, 100 Thames Valley Park Drive, Reading, Berkshire, RG6 1PT.