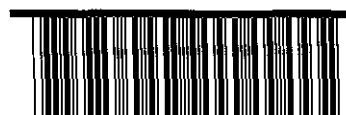


**BG EMPLOYEE SHARES TRUSTEES
LIMITED**

**REPORT AND ACCOUNTS
FOR THE YEAR ENDED
31 DECEMBER 2000**

REGISTERED NO. 2023808



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BG Employee Shares Trustees Limited
Report and Accounts for the year ended 31 December 2000

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BG Employee Shares Trustees Limited
Report and Accounts for the year ended 31 December 2000

Directors' report

The Directors submit their report and the audited financial statements for the year ended 31 December 2000.

Principal activities

The principal activity of the Company is to act as the trustee for the employees of the BG Group plc Group in accordance with the terms of the Trust Deed and Rules dated 27 October 1986 (as amended), which govern "The BG Employee Profit Sharing Scheme" (the Scheme). Additionally, the Company was the trustee of the BG Qualifying Employee Share Ownership Trust (the "QUEST") until 20 October 2000 when the Trust Period came to an end.

Review of results and dividend

The Company has no income and, under the provisions of the Trust Deed and Rules dated 27 October 1986 (as amended), all costs and expenses of the trustees are met by the ultimate parent company. Accordingly, no profit and loss account has been prepared.

The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2000 (1999: £Nil).

Business review and future developments

No shares were appropriated to participants under the Scheme in the year 2000 consequent upon the establishment of a new employee profit sharing scheme by BG Group plc following the corporate restructuring and refinancing arrangements which became effective in December 1999. A new trustee, other than the Company, was appointed as trustee of that scheme.

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:

	31 December 2000	31 December 1999
Number of participants	33,273	34,603
Number of ordinary shares – BG Group plc	18,755,313	19,598,084
Number of ordinary shares – Lattice Group plc	18,757,572	-

Demerger of the Lattice Group - At an EGM held on 16 October 2000, the shareholders of BG Group plc approved the demerger of certain businesses to Lattice effective on 23 October 2000. Under the terms of the Demerger shareholders became entitled to one Lattice Group plc ordinary share for each BG Group plc ordinary share held at Demerger Record time. The shares held by the Company in trust include a proportion of ordinary shares of both BG Group plc and Lattice Group plc beneficially owned by Lattice Group employees.

The Company's holding of 31,400,654 ordinary shares in BG Group plc, held in its capacity as trustee of the QUEST, was transferred on 18 October 2000 to the two new All Employee Share Ownership Plans (AESOPs) set up in preparation for the Demerger. The shareholding was transferred to the Lattice AESOP and the BG Group AESOP in approximate proportions to the number of employees employed in the two respective businesses (Lattice Group plc 28,888,601 shares (92%); BG Group plc 2,512,053 shares (8%)) for a nominal consideration.

BG Employee Shares Trustees Limited
Report and Accounts for the year ended 31 December 2000

Directors' report (continued)

Directors in post for the year ended 31 December 2000

The following served as Directors during the year:

C E Chamberlain	(resigned 13 March 2001)
E P Jones	(resigned 20 October 2000)
M J Lockwood	(resigned 29 June 2001)
R J Matthews	(resigned 20 October 2000)
T R Matthews	(resigned 20 October 2000)

Since the end of the year the following appointments have been made:

P G Duffy	(appointed 13 March 2001)
T R Sach	(appointed 19 July 2001)

Company secretaries

J E H Griffin	(appointed 7 September 2001)
U Markham	(appointed 20 October 2000, resigned 7 September 2001)
M Singleterry	(resigned 20 October 2000)

DEMERGER

Following the Demerger of the Lattice Group on 23 October 2000, the number and option price of shares allocated under the Executive Share Option Scheme, the 1999 Long Term Incentive Scheme and pilot Short Term Incentive Scheme were restated to take account of the pro-rata value of the shares of the ongoing parts of the Group. In all cases, the number of shares were increased by a factor of 1.532008 and the option or base price reduced by a factor of 0.652738. These figures were calculated from the 10 day averages of BG Group and Lattice Group share prices from their first day of trading on 23 October 2000 as proportions of the combined share prices.

Dividends received by the Trustees in June 2000 in relation to the Long Term Incentive Scheme allocations made in October 1995 and March 1997 were re-invested into shares and added to the individual participants' allocations prior to Demerger.

As a result of Demerger, notional allocations of shares made in October 1995, March 1997, October 1997 and October 1998 under this Scheme were transferred early to participants, based on the extent that their respective performance targets had been achieved.

Employees were given the option of exercising their Sharesave options early to the value of their savings up to Demerger.

Directors' interests

At no time did any Director, still holding office at 31 December 2000, have any beneficial interest in the shares of the Company or any other company within the BG Group plc except for interests in the shares of the parent company, BG Group plc, as stated below:

Beneficial holdings

	1 January 2000	31 December 2000
	Ordinary Shares	Ordinary Shares
C E Chamberlain	Nil	Nil
M J Lockwood	4,657	10,271

(i) Beneficial interests include shares acquired pursuant to the BG Employee Profit Sharing Scheme.

BG Employee Shares Trustees Limited
Report and Accounts for the year ended 31 December 2000

Directors' report (continued)

Savings-related share (sharesave) options

	1 January 2000	Lapsed	Exercised	Granted	31 December 2000
C E Chamberlain	Nil	-	-	-	Nil
M J Lockwood	1,625	372	1,253	4,230	4,230

Sharesave scheme

Directors who had options outstanding at the time of the group restructuring and refinancing exchanged their rights over BG plc ordinary shares for replacement rights over an identical number of BG Group plc ordinary shares.

Executive share option schemes

No options were held by Directors under this scheme.

Long term incentive scheme notional allocations

	1 January 2000	Number of shares Transferred	Restated following Demerger	Allocated	31 December 2000
C E Chamberlain	Nil		-	-	Nil
M J Lockwood	8,100	3,184	3,577	Nil	3,577

Long term incentive scheme

The notional allocation of shares made in October 1999 was forfeited and replacement allocations have been made over shares under the New Long Term Incentive Scheme.

Awards were made in November 2000 under the New Long Term Incentive Scheme introduced following Demerger.

Company Share Option Scheme

A Company Share Option Scheme was introduced following Demerger and the first award was made in November 2000.

Full details of all employee share schemes can be found in the BG Group plc Annual Report and Accounts 2000.

BG Employee Shares Trustees Limited
Report and Accounts for the year ended 31 December 2000

Directors' report (continued)

Directors' insurance

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

Auditors

PricewaterhouseCoopers have expressed their willingness to be reappointed as Auditors of the Company and a resolution to reappoint PricewaterhouseCoopers will be proposed at the forthcoming AGM.

By order of the Board


J E H Griffin
Company Secretary

Date: 24th October 2001
Registered Office:

100 Thames Valley Park Drive
Reading
Berkshire
RG6 1PT

Registered in England
No. 2023808

BG Employee Shares Trustees Limited
Report and Accounts for the year ended 31 December 2000

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 8 to 10 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 and that the financial statements have been prepared on the going concern basis.

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 enables 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
Report and Accounts for the year ended 31 December 2000

Auditors' report to the members

We have audited the financial statements on pages 8 to 10.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 6, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 at 31 December 2000 and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers,
Chartered Accountants & Registered Auditors
London

24 October 2001

PricewaterhouseCoopers

BG Employee Shares Trustees Limited
Report and Accounts for the year ended 31 December 2000

Balance sheet as at 31 December 2000

	Notes	2000 £	1999 £
Current assets			
Debtors	4	102,429	132
Cash at Bank and in hand		534,977	511,416
		<u>637,406</u>	<u>511,548</u>
Creditors (amounts falling due within one year)	5	<u>(637,404)</u>	<u>(511,546)</u>
Net Assets		<u>2</u>	<u>2</u>
Capital and reserves			
Called up share capital	6	2	2
Equity Shareholder's funds		<u>2</u>	<u>2</u>

The financial statements were approved by the Board of Directors and signed on its behalf by:



TERRY SACH

Director

Date 24TH OCTOBER 2001

The accompanying notes on pages 9 to 10 form part of these accounts.

BG Employee Shares Trustees Limited
Report and Accounts for the year ended 31 December 2000

Notes to the financial statements

1. Accounting policies

Basis of accounting

The financial statements 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 (as amended) all costs and expenses of the trustees (including the audit fee) are met by the ultimate parent company. Accordingly, no profit and loss account has been prepared.

3. Directors' emoluments

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

4. Debtors

	2000 £	1999 £
Amounts falling due within one year		
Accrued proceeds from the sale of shares authorised by participants:		
ordinary shares	33,641	132
Amounts due from Lattice Group	68,788	
	<u>102,429</u>	<u>132</u>

5. Creditors (amounts falling due within one year)

	2000 £	1999 £
Amounts due to participants leaving the scheme		
ordinary shares	28,807	119
income tax collected from participants leaving the scheme	4,835	13
Unclaimed dividends owed to participants (*1)	554,608	505,968
Outstanding Sales Proceeds (*2)	49,154	5,446
	<u>637,404</u>	<u>511,546</u>

*1 Dividends paid to participants in the Scheme who have not claimed the dividend, (principally as a result of the dividend cheques remaining unrepresented).

*2 Proceeds due to participants in the Scheme for the sale of shares during the year which have not been received by the participants on or before the year end.

6. Called up share capital

	2000 £	1999 £
Ordinary shares of £1 each		
Authorised - 100 Ordinary shares	100	100
Allotted, issued and fully paid - 2 ordinary shares	2	2

BG Employee Shares Trustees Limited
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Notes to the financial statements (continued)

7. Reconciliation of movements in shareholders' funds

There were no movements in shareholders' funds during the financial year (1999 £nil).

8. Related parties

As the Company is a wholly owned subsidiary of BG Group plc, advantage has been taken of the exemption afforded by Financial Reporting Standard No. 8, Related Party Transactions, not to disclose any related party transactions with BG Group plc or subsidiary and associated undertakings and joint ventures of BG Group plc.

9. Cash flow statement

As part of its published financial statements BG Group plc, the ultimate parent company, prepares a consolidated cash flow statement. BG Employee Shares Trustees Ltd has taken advantage of the exemption under Financial Reporting Standard No.1 (revised) and chosen not to publish its own cash flow statement.

10. Ultimate parent company

The Company's immediate parent company is BG Energy Holdings Limited and the ultimate parent company and controlling party is BG Group plc. BG Group plc and BG Energy Holdings Limited are the only companies to consolidate the accounts of the Company. Copies of these consolidated accounts may be obtained from the Company Secretary, BG Group plc, 100 Thames Valley Park Drive, Reading, RG6 1PT.

BG Group plc and BG Energy Holdings Limited are registered in England.