

BG UK Holdings Limited

Annual Report and Financial Statements

For the year ended 31 December 2013



Company Registration Number: 2059279

Strategic report for the year ended 31 December 2013

The Directors present their Strategic report for BG UK Holdings Limited for the year ended 31 December 2013.

Review of the business

BG UK Holdings Limited (the "Company") was incorporated on 29 September 1986 and is a wholly owned subsidiary of BG Energy Holdings Limited. The Company acts as an investment holding company to promote the interests of BG Group plc. There have not been any changes in the Company's activities in the year under review. The Directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

For a more detailed review of the activities, development and performance of the business during 2013 and the position of BG Group at the end of the year, please refer to the BG Group Annual Report and Accounts 2013 – Performance and Risks section on pages 22 to 43.

Principal risks and uncertainties

The Company is subject to a broad range of risks such as political, commodity prices, reserves replacement, people resource and project delivery risks.

In addition, the Company faces risks which affect both the Company and BG Group as a whole. These risks are managed at group level on behalf of the Directors of the Company. Group risks are discussed in the BG Group plc Annual Report and Accounts 2013 which does not form part of this report.

Key performance indicators (KPIs)

BG Group monitors, reviews and assesses its operations at segment and geographical levels, therefore the Directors are of the opinion that analysis of the business of the Company using KPIs is not appropriate for an understanding of the development, performance or position of the business of the Company. For further information about KPIs, in the context of the group as a whole, please refer to the BG Group Annual Report and Accounts 2013.

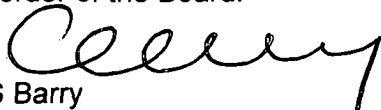
Financial performance and position

As shown in the Company's profit and loss account on page 6, the Company's profit before tax for the year increased to £633,181,000 (2012: loss of £16,997,000). This was principally due to a significant dividend received of £610,482,000.

The profit for the year ended 31 December 2013 of £627,904,000 (2012: loss of £12,833,000) has been transferred to reserves.

The balance sheet on page 7 shows that the Company's financial position has strengthened, which is attributable to the dividend received and a share issue in the year.

By order of the Board:


C S Barry
Company Secretary

Date: 2.9.2014

Registered Office:
100 Thames Valley Park Drive
Reading
Berkshire
RG6 1PT

Registered in England & Wales No. 2059279

Directors' report for the year ended 31 December 2013

The Directors present their report and the audited Financial Statements for BG UK Holdings Limited for the year ended 31 December 2013.

Dividend

The Directors did not propose an interim dividend for the year ended 31 December 2013 (2012: £nil). The Directors have not proposed a final dividend (2012: £nil).

Future developments

Future developments are included in the Strategic report.

Post balance sheet events

Since the year end the Company has issued a further 231,156,842 ordinary shares of £1 each.

Directors

The following served as Directors during the year and up to the date of this report:

	Appointed	Resigned
C E Bolton		19 December 2013
G Hall		
D Khosla	13 September 2013	
D M Nolan		13 September 2013
S R Unger		

Company Secretaries

The following served as joint Company Secretaries during the year and up to the date of this report:

	Appointed	Resigned
C S Barry	22 July 2013	
R L Dunn		
C S Inman		22 July 2013

Directors' insurance

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

Derivative financial instruments and financial risks

The Company did not transact in any derivative financial instruments during the year.

Auditors

Pursuant to Section 485 of the Companies Act 2006, Ernst & Young LLP were appointed auditors of the Company for the year ended 31 December 2013 by an ordinary resolution of the shareholder following the expiry of PricewaterhouseCoopers LLP's term of office.

Statement as to disclosure of information to auditors

As required by Section 418 and 419 of the Companies Act 2006, each of the Directors has approved this report and confirmed that, so far as he is aware, there is no relevant audit information (being information needed by the Auditors in connection with preparing their audit report) of which the Company's Auditors are unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

Directors' report for the period ended 31 December 2013 continued

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable 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). The Financial Statements are required by law to 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 year.

The Directors consider that in preparing the Financial Statements on pages 6 to 11, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates and that all applicable accounting standards have been followed and that the Financial Statements have been prepared on the going concern basis. The Company has complied with UK disclosure requirements.

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 2006.

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.

By order of the Board:



C S Barry

Company Secretary

Date: 29.2014

Registered Office:
100 Thames Valley Park Drive
Reading
Berkshire
RG6 1PT

Registered in England & Wales No. 2059279

Independent Auditor's report to the members of BG UK Holdings Limited

We have audited the Financial Statements of BG UK Holdings Limited for the year ended 31 December 2013 which comprise the Profit and loss account, the Balance sheet and the related notes 1 to 13. 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 member, 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 member 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Statement of Directors' responsibilities set out on page 3, 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 Financial Statements 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 Financial Statements

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 Annual Report and 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 Financial Statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its profit for the year;
- 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 matter prescribed by the Companies Act 2006

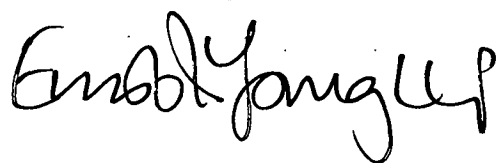
In our opinion the information given in the Directors' report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

Independent Auditor's report to the members of BG UK Holdings Limited
continued

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 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.



Gary Donald
(Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

Date: 8/9/14

Profit and loss account for the year ended 31 December

	Notes	2013 £000	2012 £000
Income from fixed asset investments		610,482	-
Net interest receivable/(payable) and similar income/(charges)	3	<u>22,699</u>	<u>(16,997)</u>
Profit /(loss) on ordinary activities before taxation	4	633,181	(16,997)
Tax on profit/(loss) on ordinary activities	5	(5,277)	4,164
Profit/(loss) for the financial year	11,12	<u>627,904</u>	<u>(12,833)</u>

The results for the year are derived solely from continuing operations.

There is no difference between the historical cost profits and losses and the results presented.

There were no recognised gains and losses other than in the profit and loss account and, therefore, a separate statement of total recognised gains and losses has not been presented.

The notes on pages 6 to 11 form part of these Financial Statements.

Balance sheet as at 31 December

	Notes	2013 £000	2012 £000
Fixed assets			
Investments	6	5,160,878	4,755,359
Current assets			
Debtors: amounts falling due within one year	7	326,843	62,822
Creditors: amounts falling due within one year	8	(448,112)	(17,451)
Net current (liabilities)/assets		<u>(121,269)</u>	<u>45,371</u>
Total assets less current liabilities		5,039,609	4,800,730
Creditors: amounts falling due after more than one year	9	(8,395)	(802,939)
Net assets		<u>5,031,214</u>	<u>3,997,791</u>
Capital and reserves			
Called up share capital	10	4,369,600	3,964,081
Share premium account	11	177,895	177,895
Profit and loss account	11	483,719	(144,185)
Equity shareholder's funds	12	<u>5,031,214</u>	<u>3,997,791</u>

The notes on pages 8 to 11 form part of these Financial Statements.

The Financial Statements on pages 6 to 11 were approved by the Board of Directors and were signed on its behalf by:

S Unger
Director

Date: 2 September 2014

Notes to the Financial Statements

1 Ultimate parent undertaking

The immediate parent undertaking is BG Energy Holdings Limited.

The ultimate parent undertaking and controlling party is BG Group plc, which is the parent undertaking of the largest group to consolidate these Financial Statements. The smallest group into which the Company is consolidated is that of which BG Energy Holdings Limited is the parent undertaking. BG Energy Holdings Limited and BG Group plc are both registered in England and Wales. Copies of the Group consolidated accounts may be obtained from the Company Secretary, 100 Thames Valley Park Drive, Reading, Berkshire, RG6 1PT.

2 Accounting policies

Basis of preparation and accounting principles

The Company is in a net current liabilities position as at 31 December 2013. The Directors of the Company have received confirmation from the Directors of BG Energy Holdings Limited that the entity intends to financially support the Company to enable it to meet its liabilities as they fall due and carry on its business without curtailment of its operations. As a result, the Directors consider the going concern basis of preparation to be appropriate.

These accounts have been prepared on the going concern basis and in accordance with applicable law and Accounting Standards in the United Kingdom, using historical cost principles. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Exemptions

The Company is a wholly owned subsidiary undertaking of BG Group plc and is therefore exempt under Section 400 of the Companies Act 2006 from the requirement to prepare consolidated accounts.

The Company has taken advantage of the exemptions available to wholly-owned UK subsidiaries under Financial Reporting Standard (FRS) 1 (Revised 1996) 'Cash Flow Statements', and accordingly has not prepared a cash flow statement; and within FRS 8 'Related Party Disclosures' from disclosure of transactions with other group companies.

Fixed asset investments

Fixed asset investments are stated at cost less provision for impairment.

Deferred taxation

Provision is made in full, on an undiscounted basis, for the deferred tax arising on the difference between the accounting treatment and tax treatment for depreciation in respect of accelerated capital allowances and other timing differences. Deferred tax assets are recognised to the extent that they are regarded as recoverable.

Foreign currencies

Management considers that the Company's functional currency is Pounds Sterling and the Financial Statements are presented in that currency. Transactions in foreign currencies are translated into Pounds Sterling at the rates of exchange ruling at the date of the transaction. Foreign currency monetary assets and liabilities are translated into Pounds Sterling at the rates of exchange ruling at the balance sheet date. Differences arising from changes in exchange rates are taken to the profit and loss account in the year in which they arise.

Notes to the Financial Statements continued

2 Accounting policies continued

Financial instruments

All loans are stated at the fair value of the consideration paid/received less any repayments and if necessary, provisions for impairment.

3 Net interest receivable/(payable) and similar income/(charges)

	2013 £000	2012 £000
Interest payable on amounts owed to group undertakings	(8,373)	(16,997)
Foreign exchange gain	31,072	-
	<u>22,699</u>	<u>(16,997)</u>

4 Profit/(loss) on ordinary activities before taxation

The auditor's remuneration of £1,950 (2012: £2,400), has been borne by BG Energy Holdings Limited and has not been recharged to the Company. Any fees paid to the Company's auditor and its associates for services other than the statutory audit of the Company are not disclosed in these accounts since the consolidated accounts of the Company's ultimate parent, BG Group plc, are required to disclose non-audit fees on a consolidated basis.

No Directors received remuneration in respect of their services to the Company during the year ended 31 December 2013 (2012: £nil).

The Company had no employees during the year (2012: nil).

5 Tax on profit/(loss) on ordinary activities

The charge/(credit) for taxation comprises:

	2013 £000	2012 £000
Group relief payable/(receivable) at 23.25% (2012: 24.5%)	5,277	(4,164)
Total tax charge/(credit)	<u>5,277</u>	<u>(4,164)</u>
Factors affecting the tax charge/(credit) for the year:		
Profit/(Loss) on ordinary activities before tax	633,181	(16,997)
Tax on ordinary activities at 23.25% (2012: 24.5%)	147,193	(4,164)
Non taxable dividend income	(141,916)	
Current tax charge/(credit) for the year	<u>5,277</u>	<u>(4,164)</u>

There is no provided or unprovided deferred tax asset/liability as at 31 December 2013 (2012: £nil).

Effective 1 April 2013, the applicable rate of UK corporation tax is reduced to 23%, with a further reduction in the UK corporation tax rate to 21% effective from 1 April 2014 and 20% from 1 April 2015.

Notes to the Financial Statements continued

6 Fixed asset investments

	Shares in subsidiary undertakings £000
Cost and net book value	
At 1 January 2013	4,755,359
Additions	405,519
At 31 December 2013	5,160,878

The Company's principal subsidiary undertakings as at 31 December 2013 comprise:

Name	Country of Incorporation	Activity	Direct interest in ordinary shares
BG Overseas Holdings Limited	England & Wales	Holding company	100%

A full list of subsidiary undertakings, joint ventures and associated undertakings will be included in the next annual return filed with the Registrar of Companies.

7 Debtors: amounts falling due within one year

	2013 £000	2012 £000
Amounts owed by group undertakings	326,843	54,978
Amounts owed by group undertakings in respect of taxation	-	7,844
	<u>326,843</u>	<u>62,822</u>

Amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment.

8 Creditors: amounts falling due within one year

	2013 £000	2012 £000
Amounts owed to group undertakings	446,999	17,451
Amounts owed to group undertakings in respect of taxation	1,113	-
	<u>448,112</u>	<u>17,451</u>

Amounts owed to group undertakings are unsecured, interest free and have no fixed date of repayment.

9 Creditors: amounts falling due after more than one year

	2013 £000	2012 £000
Amounts owed to group undertakings	<u>8,395</u>	<u>802,939</u>

Amounts owed to group undertakings are unsecured and bear interest at a rate of LIBOR plus 0.25 per cent per annum and are repayable on 28 September 2017.

Notes to the Financial Statements continued**10 Called up share capital**

	2013	2012
	£000	£000
Allotted and fully paid up:		
4,369,600,304 (2012: 3,964,081,124) ordinary shares of £1 each	<u>4,369,600</u>	<u>3,964,081</u>

During the year, the Company issued 405,519,180 ordinary shares of £1 each.

11 Reserves

	Share premium £000	Profit and loss account £000
As at 1 January 2013	177,895	(144,185)
Transfer from profit and loss account	-	627,904
As at 31 December 2013	<u>177,895</u>	<u>483,719</u>

12 Reconciliation of movements in shareholder's funds

	2013	2012
	£000	£000
As at 1 January	3,997,791	3,702,865
Issue of share capital	405,519	307,759
Transfer from profit and loss account	627,904	(12,833)
As at 31 December	<u>5,031,214</u>	<u>3,997,791</u>

13 Post balance sheet events

Since the year end the Company has issued a further 231,156,842 ordinary shares of £1 each.