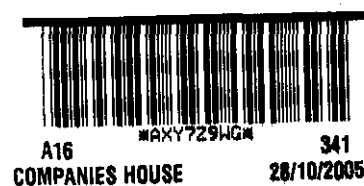


BG North Sea Holdings Limited

Annual Report and Financial Statements

For the year ended 31 December 2004

Company Registration Number: 2383911



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Directors' Report for the year ended 31 December 2004

The Directors present their report and the audited Financial Statements for the year ended 31 December 2004.

Principal activities

The principal activities of the Company are the exploration for and production of oil and gas hydrocarbons in the United Kingdom, which for the purposes of the Companies Act 1985, constitutes one class of business.

The Company's main interests are in the Amethyst East / West Fields. The Company still holds an investment in a number of exploration licences in the North Sea.

BG North Sea Holdings Limited also acts as a holding company for some overseas subsidiaries within the BG Group; these are listed on page 17 in the notes to the Financial Statements.

Review of business and future developments

UK

The BP operated Amethyst field is located in the southern North Sea. Amethyst East started production in October 1990 and Amethyst West in October 1991. The development's four offshore platforms are unmanned with production being controlled via the onshore terminal facilities.

Production is exported via a dedicated 30-inch diameter line from the A2D platform 40 km to the Easington terminal where it is processed. The maximum daily rate in 2004 was 105 mmscfd.

Amethyst gas is sold under a life of field contract.

Trinidad and Tobago

BG Trinidad and Tobago Limited (formally British Gas Trinidad and Tobago Limited), a subsidiary of the Company, retains interests in two exploration blocks, both held under separate Production Sharing Contracts. One block is located off the north coast of Trinidad and Tobago and contains the Hibiscus, Poinsettia and Chaconia Fields. The other block is located off the east coast of Trinidad and Tobago and contains the Dolphin Field.

In 2004, BG Trinidad and Tobago Limited produced 19 mmboe of gas which was supplied to the domestic market from the Dolphin field in the East Coast Marine Area (ECMA), and from the North Coast Marine Area (NCMA) into Atlantic LNG (ALNG), for subsequent export to North America.

Egypt

BG Egypt SA, a subsidiary of the Company, is the operator and 40% owner of the Rosetta field which started production in January 2001.

In early 2004, compression facilities for the Rosetta field were commissioned as part of the ongoing field development to maintain the production rate. Phase 2 of the Rosetta development is expected to produce first gas in mid-2005. The development consists of an unmanned minimum facilities wellhead platform and four additional wells.

Directors' Report for the year ended 31 December 2004 continued

India

BG Exploration and Production India Limited, a subsidiary of the Company, is the operator and 30% owner of the Tapti gas field and the Panna/Mukta oil and gas fields. In early 2004 work commenced on the first stage of the expansion programme in the Panna/Mukta and Tapti fields. This programme involves infill-drilling of up to 18 wells in Panna/Mukta and a four-well recompletion drilling exercise in the Tapti field.

The Company also has a 65.12% controlling stake in the Gujarat Gas Company Limited (GGCL), which is the country's largest private gas distribution and transmission company. In 2004, GGCL supplied 1.9 mmcmd of natural gas to about 150 000 customers in the cities of Surat, Bharuch and Ankleshwar through its 1 720 km transmission and distribution network.

Bolivia

The Company has a 37.5% equity share of the giant Margarita gas condensate field which lies in the 874 sq km Margarita exploitation area. In the fourth quarter of 2004, first production from the Margarita Early Production Facilities commenced. Gas is being delivered into the Brazilian market.

Results and dividend

The Company's loss for the financial year was £81,000 (2003: loss £15,955,000). The loss for the year was transferred from reserves. The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2004 (2003: £nil).

Suppliers

It is the Company's policy to pay all its creditors promptly and in accordance with contractual and other legal obligations. It is the Company's policy to agree the payment terms at the start of business with each supplier and to ensure that they are aware of the terms of payment.

The Company had 4 days' of purchases outstanding as at 31 December 2004 (2003: 3 days) based on the average daily amount invoiced by suppliers during the year.

Directors' insurance

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

Directors

The following served as Directors during the year:

	Date of Appointment	Date of Resignation
F J Chapman		30 December 2004
D McManus		30 September 2004
M J Houston		
J A Berget	19 January 2005	
D Roberts	19 January 2005	

Directors' Report for the year ended 31 December 2004 continued**Company Secretary**

C S Inman	(joint secretary)
B J S Mathews	(joint secretary)

Directors' interests

At no time did any Director, still holding office at 31 December 2004, have any beneficial interest in the shares of the Company or any other company within BG Group plc except for those interests in the shares of BG Group plc stated below.

Beneficial holdings

	Beneficial interests in ordinary shares	
	As at 1 Jan 2004	As at 31 Dec 2004
M J Houston	68,911	82,167

Sharesave Scheme

	Options as at 1 Jan 2004	Options granted in year	Options exercised in year	Options as at 31 Dec 2004
M J Houston	4,230	6,031	4,230	6,031

Company Share Option Scheme

	Options as at 1 Jan 2004	Options granted in year	Options exercised in year	Options as at 31 Dec 2004
M J Houston	393,231	125,000	-	518,231

Long Term Incentive Scheme

	Notional allocation of shares as at 1 Jan 2004	Notional allocation made during the year	Number of shares added through dividend reinvestment	Forfeited at end of performance period	Shares transferred during the year	Notional allocations as at 31 Dec 2004
M J Houston	422,834	200,000	131	-	12,991	609,974

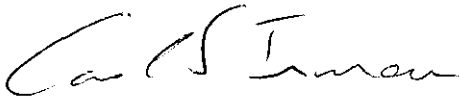
Full details of all employee share and option schemes can be found in the BG Group Annual Report and Accounts 2004.

Directors' Report for the year ended 31 December 2004 continued

Auditors

The Company has elected to dispense with the annual reappointment of auditors in accordance with s386 of the Companies Act 1985 and accordingly PricewaterhouseCoopers LLP remain in office.

By Order of the Board



C S Inman
Company Secretary

Date: 24/10/05

Registered Office:
100 Thames Valley Park Drive
Reading
Berkshire
RG6 1PT
Registered in England & Wales No. 2383911

Statement of Directors' responsibilities

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 9 to 19 the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments 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 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.

Independent auditor's report to the member of BG North Sea Holdings Limited

We have audited the Financial Statements which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective Responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the Financial Statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of Directors' responsibilities.

Our responsibility is to audit the Financial Statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the Company's member as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the Financial Statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. 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 Accounts and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements. The other information comprises only the Directors' report.

Basis of Audit 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 judgments 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.

Independent auditors' report to the member of BG North Sea Holdings Limited continued

Opinion

In our opinion, the Financial Statements give a true and fair view of the state of the Company's affairs at 31 December 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
1 Embankment Place
London
WC2N 6RH

Date: 24/10/05

**Profit and loss account for the year
ended 31 December**

		2004	2003
		£'000	£'000
	Notes		
Turnover	3	3,273	5,331
Operating costs		(1,628)	(1,789)
Exploration expenditure		(181)	(385)
Depreciation		(1,257)	(2,164)
Amounts written off investments	9	(1,897)	(18,245)
Loss on ordinary activities before interest		(1,690)	(17,252)
Income from fixed asset investment		1,585	1,140
Net interest	4	(183)	985
Loss on ordinary activities before taxation	5	(288)	(15,127)
Tax on loss on ordinary activities	6	207	(828)
Loss for the financial year	16	(81)	(15,955)

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

		2004	2003
		£'000	£'000
	Notes		
Loss for the financial year		(81)	(15,955)
(Deficit)/Surplus arising on revaluation of fixed asset investments	16	(100,860)	989,451
Currency translation adjustments	16	(154,009)	(191,375)
Total recognised gains and losses for the financial year		(254,950)	782,121

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.

The notes on pages 11 to 19 form part of these Financial Statements.

Balance sheet as at 31 December

		2004	2003
		£'000	£'000
	Notes		
Fixed assets			
Intangible assets	7	1,363	37
Tangible assets	8	3,659	5,440
Investments	9	2,769,468	3,079,360
		<u>2,774,490</u>	<u>3,084,837</u>
Current assets			
Stocks	10	26	29
Debtors: amounts falling due within one year	11	1,084,133	959,815
Creditors: amounts falling due within one year	12	(627,061)	(557,860)
Net current assets		<u>457,098</u>	<u>401,984</u>
Total assets less current liabilities		<u>3,231,588</u>	<u>3,486,821</u>
Creditors: amounts falling due after more than one year	13	(300,674)	(300,674)
Provisions for liabilities and charges	14	(2,087)	(2,370)
Net assets		<u>2,928,827</u>	<u>3,183,777</u>
Capital and reserves			
Called up share capital	15	2,318,899	2,318,899
Profit and loss account	16	(399,284)	(245,194)
Revaluation reserve	16	1,009,212	1,110,072
Equity shareholder's funds	17	<u>2,928,827</u>	<u>3,183,777</u>

The Financial Statements on pages 9 to 19 were approved by the Board of Directors and were signed on its behalf by:


D Roberts
 Director

Date: 24-10-05

The notes on pages 11 to 19 form part of these Financial Statements.

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. Copies of Group's consolidated accounts may be obtained from the Company Secretary, 100 Thames Valley Park Drive, Reading, Berks, RG6 1PT.

2 Accounting policies

Basis of preparation and accounting principles

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 except for the investments in BG Atlantic 2/3 Finance Limited, BG Bolivia Corporation, BG Egypt SA, BG Trinidad and Tobago Limited and British Gas Asia Pacific Holdings Pte Limited which have been recognised at valuation, as the Directors consider that this value provides a more appropriate valuation in the accounts of the holding company as consolidated accounts are not prepared. A summary of the more important accounting policies, which have been applied consistently, is set out below.

The accounting policies, where applicable, are materially in accordance with a Statement of Recommended Practice (SORP) issued by the Oil Industry Accounting Committee entitled "Accounting for Oil and Gas Exploration, Development, Production and Decommissioning Activities" although there are three areas where the accounting policies differ from the SORP. These are shown in the section on depreciation and impairment of fixed assets and exploration expenditure (see below).

The gas and oil disclosure requirements of the SORP have been omitted as the ultimate parent company, BG Group plc, includes this information on a consolidated basis in its Annual Report and Accounts.

Exemptions

The Company is a wholly owned subsidiary undertaking of BG Group plc and is therefore exempt under s228 of the Companies Act 1985 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 and foreign currencies

Fixed asset investments are stated at cost less provision for impairment, with the exception of the investments in operating and financing subsidiaries, BG Atlantic 2/3 Finance Limited, BG Bolivia Corporation, BG Egypt SA, and BG Trinidad and Tobago Limited, which are held at the underlying net asset value in the subsidiary and the investment in an intermediate holding company, BG Asia Pacific Holdings Limited, which is held at valuation based on the net present value of future cash flows.

The Directors consider this to be an appropriate treatment, as these subsidiaries operate in a functional currency other than sterling or hold investments which operate in a foreign currency other than sterling and therefore their underlying assets and liabilities are denominated in a foreign currency. As such, underlying net asset value, translated at the year end rate or net present value of future cashflows, reflects a more appropriate valuation of the underlying business than historic cost. The revaluation of these investments involves both the adjustment to the year end valuation and the retranslation of the opening valuation to the year end rate. Gains arising from adjustment to the closing net asset valuation are credited to the revaluation reserve. Losses, to the extent not offset by gains arising in prior periods, are recognised in the profit and loss account. Gains and losses, arising on the retranslation of the opening valuation to the year end rate, are recognised directly in the profit and loss reserve.

In 2004, a loss of £101 million (2003: gain £989 million) was recognised in the revaluation reserve and a loss of £207 million (2003: £260 million) was recognised in the profit and loss reserve, relating to the revaluation of the investment in these subsidiaries to year end valuation at the closing rate. A loss of £2 million (2003: £18 million) was recognised in the profit and loss account in the period.

The investments in these subsidiaries are financed through debt denominated in the functional currency of the underlying investments, in order to hedge the currency exposure on the net investment. In accounting for the currency exchange differences arising on the retranslation of this debt to the year end exchange rate, the Company has applied the net investment hedging provisions of SSAP 20 and recognises the gains and losses, to the extent that they offset gains and losses arising on the retranslation of the investment, directly in the profit and loss reserve.

Tangible fixed assets

All tangible fixed assets are carried at depreciated historical cost. Additions represent extension to, or significant increases in, the capacity of tangible fixed assets.

Contributions received towards the cost of tangible fixed assets (including government grants) are included in creditors as deferred income and credited to the profit and loss account over the life of the assets.

Interest charges on borrowings used to finance major capital projects are capitalised up to the point of commissioning.

Depreciation

Exploration and production assets are depreciated from the commencement of production in the fields concerned, using the unit of production method based on the proved developed reserves of those fields, except that a basis of total proved reserves is used for acquired interests and facilities. Changes in these estimates are dealt with prospectively.

Asset lives are kept under review and complete asset life reviews are conducted periodically.

Impairment of fixed assets

Any impairment of fixed assets is calculated as the difference between the carrying values of income generating units and the estimated value in use at the date the impairment loss is recognised. Value in use represents the net present value of expected future cash flows discounted on a pre-tax basis. Impairment of fixed assets is recognised in the profit and loss account within operating costs.

The company utilises proved plus probable reserves estimates in performing impairment testing on its gas and oil reserves.

Stocks

Stocks, including stocks of gas and oil, are stated at weighted average historical cost less provision for deterioration and obsolescence or, if lower, net realisable value.

Revenue recognition

Revenue recognition associated with exploration and production sales (natural gas, crude oil, petroleum and chemical products) is recorded when title passes to the customer. Revenue from the production of natural gas and oil in which the Company has an interest with other producers is recognised on the basis of the Company's working interest (entitlement method). Differences between production sold and the Group's share of production are not significant.

Revenue from transportation and distribution activities is recognised in the same period in which the related volumes are delivered to the customers.

All other revenue is recognised when title passes to the customer.

Exploration expenditure

The SORP (see 'Basis of preparation and accounting principles') requires depreciation of licence acquisition costs on a straight line basis. It also permits capitalisation of all costs incurred as intangible fixed assets. The Company accounts for exploration expenditure under the successful efforts method and differs from the SORP as follows:

Exploration expenditure, including licence acquisition costs, is capitalised as an intangible fixed asset when incurred and certain expenditure, such as geological and geophysical exploration costs, is expensed. A review of each licence or field is carried out, at least annually, to ascertain whether proved reserves have been discovered. When proved reserves are determined the relevant expenditure, including licence acquisition costs, is transferred to tangible fixed assets and depreciated on a unit of production basis. Expenditure deemed to be unsuccessful is written off to the profit and loss account.

The Company considers this application of the successful efforts method to be appropriate as it provides comparability with the Company peer group and because it treats licence acquisition costs in a manner which is consistent with the treatment of other exploration assets within intangible fixed assets.

Decommissioning costs

Provision is made for the net present value of the estimated cost of decommissioning at the end of the producing lives of fields. When this provision gives access to future economic benefits, an asset is recognised and then subsequently depreciated in line with the life of the underlying producing field, otherwise the costs are charged to the profit and loss account. The unwinding of the discount on the provision is included in the profit and loss account as a financial item and is included within the net interest charge.

Foreign currencies

Transactions in foreign currencies are translated into sterling at an average rate of exchange for the period in which the transaction is undertaken. Foreign currency monetary assets and liabilities are translated into 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 except as noted under fixed asset investments and foreign currencies on page 12.

Deferred tax

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. Provision for deferred petroleum revenue tax is shown net of allowable corporation tax relief (reflected in the deferred corporation tax balance) and is made in respect of applicable fields based on current forecasts.

3 Turnover

Turnover, which excludes value added tax and is stated gross of royalties, represents amounts receivable for sales of hydrocarbons and tariff income as follows:

	2004	2003
	£'000	£'000
Gas, condensate and liquefied petroleum gas	3,103	5,331
Other	170	-
	<u>3,273</u>	<u>5,331</u>

4 Net interest

	2004	2003
	£'000	£'000
Unwinding of discount	179	189
Interest receivable	(2)	(1,177)
Interest payable	6	3
	<u>183</u>	<u>(985)</u>

5 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	2004	2003
	£'000	£'000
Historical cost depreciation charge for the year:		
Tangible owned fixed assets	1,257	2,164
Auditors' remuneration for:		
Audit services	<u>-</u>	<u>4</u>

No Directors received emoluments in respect of their services to the Company during the year ended 31 December 2004 (2003: £nil). The Company had no employees (2003: nil). The auditors' remuneration for 2004 was borne by BG Energy Holdings Limited.

6 Taxation

Taxation is charged / (credited) as follows:

	2004	2003
	£'000	£'000
Current tax		
UK corporation tax at 30% and 40%	(733)	418
Under provision in respect of prior periods	-	880
Total current tax (credit)/charge	<u>(733)</u>	<u>1,298</u>
Deferred tax (note 14)		
Deferred corporation tax at 30% and 40%	771	(99)
Deferred tax over provision in respect of previous periods	(174)	(832)
Deferred petroleum revenue tax	(71)	461
Total deferred tax charge/(credit)	<u>526</u>	<u>(470)</u>
Total tax (credit)/charge	<u>(207)</u>	<u>828</u>

The taxation charge was computed taking the various elements in the table below:

	2004	2003
	£'000	£'000
Loss on ordinary activities before tax	<u>(288)</u>	<u>(15,127)</u>
Tax on profit on ordinary activities at 30% and 40%	(84)	(4,458)
Effects of:		
Income not taxable for tax purposes	(476)	(695)
Capital allowances in excess of depreciation	(814)	-
Depreciation in excess of capital allowances	-	23
Other timing differences	72	76
Expenses not deductible for tax purposes	569	5,472
Under provision in respect of prior periods	-	880
Current tax (credit)/charge for the period	<u>(733)</u>	<u>1,298</u>

7 Intangible fixed assets

	Unproved properties £'000
At 1 January 2004	37
Net additions	<u>1,326</u>
At 31 December 2004	<u>1,363</u>

8 Tangible fixed assets

Cost	Exploration and Production £'000
At 1 January 2004	26,080
Additions	465
Decrease in decommissioning asset (note 14)	<u>(989)</u>
At 31 December 2004	<u>25,556</u>

Accumulated depreciation

At 1 January 2004	20,640
Charge for the year	<u>1,257</u>
At 31 December 2004	<u>21,897</u>

Net book value

At 31 December 2004	<u>3,659</u>
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At 31 December 2003	<u>5,440</u>
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9 Fixed asset investments

	Shares in subsidiary undertaking £'000	Other Investments £'000	Total £'000
Cost or valuation			
At 1 January 2004	3,084,358	14,400	3,098,758
Revaluations	(100,860)	-	(100,860)
Currency translation adjustment	(207,135)	-	(207,135)
At 31 December 2004	2,776,363	14,400	2,790,763
Provision for impairment			
At 1 January 2004	19,398	-	19,398
Provided during the year*	1,897	-	1,897
At 31 December 2004	21,295	-	21,295
Net book value			
At 31 December 2004	2,755,068	14,400	2,769,468
At 31 December 2003	3,064,960	14,400	3,079,360

* Represents revaluation loss on investments.

The Company's principal subsidiary undertakings as at 31 December 2004 comprise:

Name	Country of Incorporation	Activity	Direct interest in ordinary shares	Indirect interest in ordinary shares
BG Atlantic 2/3 Finance Limited	England	Finance company	100%	0%
BG Bolivia Corporation	Cayman Islands	Exploration and production	100%	0%
BG Egypt SA	Cayman Islands	Exploration and production	100%	0%
BG Trinidad and Tobago Limited	England	Exploration and production	100%	0%
British Gas Asia Pacific Holdings Pte Limited	Singapore	Holding and investment company	100%	0%
British Gas Asia Pacific Pte Limited**	Singapore	Exploration and production	0%	100%
Gujarat Gas Company Limited**	India	Gas distribution	0%	65.12%
Other Investments				Holding
Interconnector (UK) Limited	England	Gas transportation	5% ordinary shares 5.3% preference shares	

** Interest held indirectly through intermediate company.

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.

10 Stocks

	2004	2003
	£'000	£'000
Raw materials and consumables	<u>26</u>	<u>29</u>

11 Debtors: amounts falling due within one year

	2004	2003
	£'000	£'000
Trade debtors	330	-
Amounts owed by fellow subsidiary undertakings	1,083,150	959,008
Prepayments, accrued income and other debtors	653	807
	<u>1,084,133</u>	<u>959,815</u>

12 Creditors: amounts falling due within one year

	2004	2003
	£'000	£'000
Trade creditors	366	-
Amounts owed to other group companies for taxation	23,469	23,734
Amounts owed to fellow subsidiary undertakings	601,695	533,562
Accruals, deferred income and other creditors	1,531	564
	<u>627,061</u>	<u>557,860</u>

13 Creditors: amounts falling due after more than one year

	2004	2003
	£'000	£'000
Unsecured loan stock	<u>300,674</u>	<u>300,674</u>

The unsecured loan stock was issued to BG Energy Holdings Limited. It is non-interest bearing and does not have a specific repayment date.

14 Provisions for liabilities and charges

	Deferred taxation	Decommiss- ioning costs	Total
	£'000	£'000	£'000
At 1 January 2004	(1,207)	3,577	2,370
Unwinding of discount	-	180	180
Decrease in decommissioning asset	-	(989)	(989)
Deferred tax profit and loss charge	526	-	526
At 31 December 2004	<u>(681)</u>	<u>2,768</u>	<u>2,087</u>

The deferred taxation provisions comprise:

	2004	2003
	£'000	£'000
Accelerated capital allowances	207	(212)
Net provisions for liabilities allowable for tax in future years	(1,107)	(1,431)
Deferred petroleum revenue tax	219	436
	<u>(681)</u>	<u>(1,207)</u>

Decommissioning costs

The estimated cost of decommissioning at the end of the producing lives of fields is based on engineering estimates and reports from an independent expert. Provision is made for the estimated cost of decommissioning at the balance sheet date. The payment date of total expected future decommissioning costs is uncertain, but is currently anticipated to be 2014. The provision as at 31 December 2004 has been calculated assuming a nominal discount rate of 5% (2003: 5%).

15 Called up share capital

	2004 £'000	2003 £'000
Ordinary shares of £1 each		
3,000,000,000 Authorised	<u>3,000,000</u>	<u>3,000,000</u>
2,318,898,709 Allotted and fully paid	<u>2,318,899</u>	<u>2,318,899</u>

16 Reserves

	Profit & loss account £000	Revaluation of fixed asset investments £000
As at 1 January 2004	(245,194)	1,110,072
Transfer from profit and loss account	(81)	-
Revaluation	-	(100,860)
Currency translation adjustments*	(154,009) *	-
As at 31 December 2004	<u>(399,284)</u>	<u>1,009,212</u>

*Includes a loss of £207m for the revaluation of fixed asset investments partially offset by £53m of foreign exchange on the revaluation of loans to finance those investments.

17 Reconciliation of movements in shareholder's funds

	2004 £'000	2003 £'000
As at 1 January	3,183,777	2,401,656
Transfer from profit and loss account	(81)	(15,955)
Revaluation of fixed asset investments	(100,860)	989,451
Currency translation adjustment	(154,009)	(191,375)
As at 31 December	<u>2,928,827</u>	<u>3,183,777</u>

18 Capital commitments and contingencies

As at 31 December 2004, the Company had no capital expenditure contracts in place (2003: £nil).