

**Milford Energy Limited**

**Annual Report and Financial  
Statements for the year ended  
31 December 2015**

**Registered Number 05199003**

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# **MILFORD ENERGY LIMITED**

## **Annual Report and Financial Statements for the year ended 31 December 2015**

<b>CONTENTS</b>	<b>PAGE</b>
Directors' report	2 - 3
Independent auditors' report	4 - 5
Income statement	6
Statement of financial position	7
Statement of cash flows	8
Statement of changes in shareholders' equity	9
Notes to the financial statements	10 - 23

# **MILFORD ENERGY LIMITED**

## **Directors' Report for the year ended 31 December 2015**

The directors present their report and audited financial statements for the year ended 31 December 2015.

### **Results and dividends**

The company's results are shown on page 6. During the year total dividends paid amounted to £nil (2014: £10,841,432).

### **Directors and their interests**

The directors who served during the year and up to the date of signing the financial statements were:

Stephen Surrall

Ann Collins

Klaus Reinisch

Andrew Bernard Shanta

None of the directors had any interests in the shares of the company as at either year end.

Peter Van Duzer served as company secretary during the year.

### **Post balance sheet events**

Royal Dutch Shell plc acquired BG Group plc (50% shareholder in Dragon LNG Group Ltd) on the 15 February 2016.

### **Strategic report**

Given the dormant status of the company, the directors are of the opinion that a strategic report is not necessary.

### **Statement of Directors' responsibilities**

The directors are responsible for preparing the annual report and the 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 prepared the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. 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 for that period. In preparing those financial statements the directors are required to;

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state that the company has complied with IFRSs, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a 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.

# **MILFORD ENERGY LIMITED**

## **Directors' Report for the year ended 31 December 2015 (continued)**

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

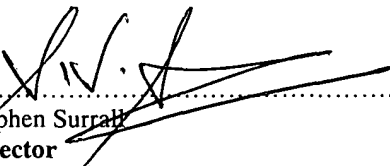
### **Statement of disclosure of information to auditors**

As part of the audit process each director has confirmed, as at the date of approval of the financial statements, that:

- a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- b) they have taken all the steps that ought to have been taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

It is intended that PricewaterhouseCoopers LLP shall remain in office as auditors of the company.

### **On behalf of the Board of Directors**

  
.....  
Stephen Surratt  
Director

DATE: 21 APRIL 2016

# MILFORD ENERGY LIMITED

## *Independent auditors' report to the members of Milford Energy Limited*

### **Report on the financial statements**

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#### **Our opinion**

In our opinion, Milford Energy Limited's financial statements (the "financial statements"):

give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its result and cash flows for the year then ended;

have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and

have been prepared in accordance with the requirements of the Companies Act 2006.

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#### **Emphasis of matter - Basis of preparation**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the basis of preparation. On 25 January 2013 the trading assets and liabilities of the company were transferred to Dragon LNG Limited. The company is not expected to have any on-going activities following this transfer. Accordingly, the going concern basis of preparation is no longer appropriate and the financial statements have been prepared on a basis other than going concern as described in note 1 to the financial statements. No adjustments were necessary in these financial statements to reduce assets to their realisable values, to provide for liabilities arising from the decision or to reclassify fixed assets and long-term liabilities as current assets and liabilities.

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#### **What we have audited**

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

the statement of financial position as at 31 December 2015;

the income statement for the year then ended;

the statement of cash flows for the year then ended;

the statement of changes in shareholders' equity for the year then ended; and

the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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#### **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.

# MILFORD ENERGY LIMITED

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## Other matters on which we are required to report by exception

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### Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

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### Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

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## Responsibilities for the financial statements and the audit

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### Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' responsibilities set out on page 2, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

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### What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report 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.



Jason Clarke (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Cardiff

18 May 2016.

# MILFORD ENERGY LIMITED

## Income Statement for the year ended 31 December 2015

Registered Number 05199003

	Note	2015 £'000	2014 £'000
Revenue		-	-
Cost of revenue		-	-
<b>Gross profit</b>		-	-
Administrative expenses		-	-
<b>Operating profit</b>	4	-	-
Finance income	5	-	-
Finance costs	5	-	-
<b>Profit before taxation</b>		-	-
Income tax expense	6	-	-
<b>Profit after taxation</b>		-	-

The above results are derived from continuing operations in the United Kingdom.

The company has no recognised gains or losses other than those disclosed in the income statement above and therefore no statement of comprehensive income has been prepared.

# MILFORD ENERGY LIMITED

## Statement of Financial Position as at 31 December 2015

	Note	2015 £'000	2014 £'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	-	-
		-	-
<b>Current assets</b>			
Inventories	8	-	-
Trade and other receivables	9	-	-
Cash and cash equivalents	10	5	5
		5	5
<b>TOTAL ASSETS</b>		<b>5</b>	<b>5</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Trade and other payables	11	-	-
		-	-
<b>Non-current liabilities</b>			
Deferred tax liabilities	12	-	-
		-	-
<b>Capital and reserves</b>			
Ordinary shares	13	-	-
Retained earnings		5	5
		5	5
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>5</b>	<b>5</b>

The notes on pages 10 to 23 form part of these financial statements.

Approved by the Board on: 21 APRIL 2016

Stephen Surrall

Director

DATE:



# MILFORD ENERGY LIMITED

## Statement of Cash Flows for the year ended 31 December 2015

	Note	2015 £'000	2014 £'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	15	-	-
Income tax paid		-	-
<b>Net cash generated from operating activities</b>		-	-
<b>Cash flows from investing activities</b>			
Purchases of property, plant & equipment		-	-
Interest received		-	-
<b>Net cash used in investing activities</b>		-	-
<b>Cash flows from financing activities</b>			
Repayment of borrowings		-	-
Dividends paid to parent company	14	-	-
<b>Net cash used in financing activities</b>		-	-
<b>Net increase/(decrease) in cash and cash equivalents</b>		-	-
Cash and cash equivalents at beginning of year		5	5
<b>Cash and cash equivalents at end of year</b>	10	5	5

# MILFORD ENERGY LIMITED

## Statement of Changes in Shareholder's Equity for the year ended 31 December 2015

	Share capital	Share premium	Retained earnings	TOTAL EQUITY
	£'000	£'000	£'000	£'000
Balance at 1 January 2014	1	1,599	9,246	10,846
Profit for the year	-	-	-	-
Capital reduction	(1)	(1,599)	1,600	-
Dividends paid	-	-	(10,841)	(10,841)
Balance at 31 December 2014	-	-	5	5
<b>Balance at 1 January 2015</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>5</b>
Profit for the year	-	-	-	-
Dividends paid	-	-	-	-
<b>Balance at 31 December 2015</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>5</b>

# MILFORD ENERGY LIMITED

## Notes to the Financial Statements for the year ended 31 December 2015

### 1 AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE

The financial statements for the year ended 31 December 2015 were authorised for issue by the Board of Directors on ..... Milford Energy Limited is a private limited company incorporated and domiciled in England and Wales. The registered office address is at Main Road, Waterston, Milford Haven, Pembrokeshire, SA73 1DR.

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and the Companies Act 2006.

### 2 BASIS OF PREPARATION

The financial statements have been prepared under the historic cost convention. The financial statements are prepared in GBP sterling and all values are rounded to the nearest thousand pounds unless otherwise stated.

On 25 January 2013 the trading assets and liabilities of the company were transferred to Dragon LNG Limited, a fellow subsidiary of Dragon LNG Group Limited. The company is not expected to have any on-going activities following this transfer. For this reason, the going concern basis has not been used in preparing the financial statements for the years ended 31 December 2013 onwards.

There have been no adjustments required to the financial statements as the directors consider that all assets are currently carried at expected recoverable value and there are no fixed assets or long term liabilities that would therefore need to be reclassified as current assets and liabilities.

#### Transition to IFRS

These are the Company's first consolidated financial statements prepared in accordance with International Financial Reporting Standards (as adopted by the EU) ('IFRS'). The accounting policies set out below have been applied in preparing the financial statements for the year ended 31 December 2015, the comparative information presented in these financial statements for the year ended 31 December 2014 and in the preparation of an opening IFRS balance sheet at 1 January 2014 (the date of transition). In preparing its opening IFRS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared with UK GAAP. An explanation of how the transition from UK GAAP to IFRSs has affected the Company's financial position, financial performance and cash flows is set out in note 20.

#### New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2015 reporting periods and have not been early adopted by the Company. The group's assessment of the impact of these new standards and interpretations is set out below.

Title of standard	Nature of change
IFRS 15 Revenue from Contracts with Customers	The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.
IFRS 9 Financial Instruments	IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In July 2014, the IASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard.

# **MILFORD ENERGY LIMITED**

## **Notes to the Financial Statements for the year ended 31 December 2015 (continued)**

### **2 BASIS OF PREPARATION (continued)**

The adoption of the above standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

#### **Summary of significant accounting policies;**

##### **Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured at fair value of the consideration received.

##### **Interest payable and receivable**

Interest payable and receivable is calculated on an accruals basis.

##### **Impairment of assets**

An assessment is made at each balance sheet date to determine whether there is objective evidence that a specific asset or group of assets is impaired. Impairment is determined as the higher of;

- For assets carried at fair value, impairment is the difference between cost and fair value
- For assets carried at cost, impairment is the difference between cost and the present value of future cash flows discounted at the current market rate of return for a similar asset

If such evidence exists, any impairment loss is recognised in the income statement.

##### **Deferred tax**

Deferred income tax is provided using the liability method on all timing differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amount for financial reporting purposes.

Deferred tax liabilities are recognised for all timing differences calculated at the tax rate that is expected to apply to the period when the liability is settled. Deferred tax is charged in the income statement or statement of total comprehensive income as appropriate. Deferred tax assets are recognised for all deductible timing differences to the extent that it is probable that taxable profits will be available against which the deductible timing differences can be utilised.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the years in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

##### **Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short term deposits with an original maturity of three months or less where deposits can be recalled on demand, usually within forty-eight hours.

# **MILFORD ENERGY LIMITED**

## **Notes to the Financial Statements for the year ended 31 December 2015 (continued)**

### **2 BASIS OF PREPARATION (continued)**

#### **Inventories**

Spare part inventory is stated at cost, determined using the weighted average cost method with appropriate adjustments for provisions against surplus inventory, deterioration, obsolescence or other loss in value. Costs are those expenses incurred in bringing the materials to their present location and condition.

#### **Trade and other receivables**

Trade and other receivables are stated at their gross amounts less any provisions for uncollectible amounts.

#### **Trade and other payables**

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

#### **Provisions**

Provisions are recognised when the company has an obligation (legal or constructive) arising from a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reasonable estimate can be made of the amount of the obligation. Where the company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### **Leases**

The company reviews all its agreements that convey the right to use an asset to determine if the arrangement contains a lease in accordance with IFRIC 4. If an arrangement is determined to contain a lease the company will then consider the terms of the arrangement and account for it as an operating lease or finance lease as set out below;

Leases where the company as a lessee does not retain substantially all the risks and rewards of ownership of the assets are classified as an operating lease. Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

Leases where the company as a lessee retains substantially all the risks and rewards of ownership are classified as a finance lease. In these arrangements the net present value of committed lease payments are capitalised as a non-current asset with a corresponding lease liability in the statement of financial position. The asset is depreciated on a straight line basis over the term of the lease, whilst the unwinding of the discount in the lease liability is recognised as a finance cost in the income statement.

#### **Foreign currencies**

The financial statements are prepared in GBP sterling which is the company's functional and presentation currency.

Foreign currency transactions are recorded in GBP sterling at the approximate rates of exchange prevailing at the time of each transaction. Monetary assets and liabilities in foreign currencies at the balance sheet date are translated to GBP sterling at the year-end rates of exchange, and exchange differences arising thereon are taken to the income statement.

# MILFORD ENERGY LIMITED

## Notes to the Financial Statements for the year ended 31 December 2015 (continued)

### 2 BASIS OF PREPARATION (continued)

#### Income taxes

The actual income tax charged on profits is determined in accordance with UK tax laws and regulations. Where the effect of these laws and regulations is unclear, estimates are used to determine the liability for the tax to be paid in the period.

#### Dividends

Dividend distributions are recognised in the year in which the dividends are paid.

### 3 SEGMENTAL INFORMATION

The Company does not operate in a segmental structure and has not traded since early 2013.

### 4 OPERATING PROFIT

Operating profit is stated after charging the following:

	2015 £'000	2014 £'000
Directors' emoluments	-	-
Depreciation of tangible fixed assets	-	-
Remuneration of auditors – audit related assurance services	-	-
Remuneration of auditors – non audit services	-	-
Operating lease charges	-	-
Payroll costs;		
Wages and salaries	-	-
Social security costs	-	-
Other pension costs	-	-
	-	-

No share based payments were made in 2015 (2014: £nil).

The average monthly number of employees during the year was as follows;

	2015 £'000	2014 £'000
Operations and maintenance	-	-
Administration	-	-
	-	-

# MILFORD ENERGY LIMITED

## Notes to the Financial Statements for the year ended 31 December 2015 (continued)

### 5 NET FINANCE INCOME

	2015 £'000	2014 £'000
<b>Finance income</b>		
Interest on short term deposits	-	-
Total finance income	-	-
<b>Finance costs</b>		
Interest on borrowings	-	-
Total finance expenses	-	-
<b>Net finance income</b>	-	-

### 6 INCOME TAX EXPENSE

	2015 £'000	2014 £'000
<b>Current tax</b>		
UK Corporation tax at 20.00 % (2014: 20.00%) on results for the year	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	-
Adjustment in respect of previous periods	-	-
On acquisition of business	-	-
<b>Total tax charge reported in the Income Statement</b>	-	-

The taxation assessed for the year is equal to (2014: equal to) the rate applying in the UK.

The changes in the main corporation tax rate were substantively enacted as part of the Summer Finance Bill 2015 on 26 October 2015. The main corporation tax rate will reduce to 19% effective from 1 April 2017 and to 18% from 1 April 2020.

# MILFORD ENERGY LIMITED

## Notes to the Financial Statements for the year ended 31 December 2015 (continued)

### 7 PROPERTY, PLANT AND EQUIPMENT

	Long leasehold	Tools & equipment	Plant & machinery	TOTAL
	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>				
At 1 January 2015	-	-	-	-
Additions	-	-	-	-
Disposals	-	-	-	-
Transfers	-	-	-	-
<b>At 31 December 2015</b>	-	-	-	-
<b>Accumulated Depreciation</b>				
At 1 January 2015	-	-	-	-
Charge for year	-	-	-	-
Disposals	-	-	-	-
Transfers	-	-	-	-
<b>At 31 December 2015</b>	-	-	-	-
<b>Net Book Value</b>				
<b>At 31 December 2015</b>	-	-	-	-
At 31 December 2014	-	-	-	-



# MILFORD ENERGY LIMITED

## Notes to the Financial Statements for the year ended 31 December 2015 (continued)

### 8 INVENTORIES

Inventories comprise operating spares used in the Company's maintenance activities. These inventories are held at cost which at the year-end amounted to £nil (2014 - £nil). The value of stock issues charged to the Income Statement during the year was £nil (2014 - £nil).

### 9 TRADE AND OTHER RECEIVABLES

	2015 £'000	2014 £'000
Trade receivables	-	-
Other receivables	-	-
	-	-

Trade receivables are non-interest bearing and are generally settled on terms of between 15 and 30 days. No provision for impairment has been made at 31 December 2015 as all receivables are considered current and there is no indication of impairment at the balance sheet date.

The carrying amount of trade and other receivables are held at amortised cost and are considered approximate to their fair value.

### 10 CASH AND CASH EQUIVALENTS

	2015 £'000	2014 £'000
Cash at bank	5	5
	5	5

Cash is held in the form of current account balances and short term treasury deposits. Interest is earned at floating rates based upon the daily spot rates.

The carrying value of cash is held at amortised cost and is considered to approximate to its fair value.

### 11 TRADE AND OTHER PAYABLES

	2015 £'000	2014 £'000
Trade payables	-	-
Other payables	-	-
	-	-

It is Company policy that payments to suppliers are made in accordance with agreed terms and conditions.

The carrying amount of trade and other payables are held at amortised cost and are considered approximate to their fair value.

# MILFORD ENERGY LIMITED

## Notes to the Financial Statements for the year ended 31 December 2015 (continued)

### 12 DEFERRED INCOME TAX

	Timing differences	Tax losses	Other	TOTAL
	£'000	£'000	£'000	£'000
Balance at 31 December 2013	-	-	-	-
(Charge)/credit to income statement	-	-	-	-
Balance at 31 December 2014	-	-	-	-
(Charge)/credit to income statement	-	-	-	-
Balance at 31 December 2015	-	-	-	-
Deferred tax asset	-	-	-	-
Deferred tax liability	-	-	-	-
Total	-	-	-	-

### 13 ORDINARY SHARES

	2015 £	2014 £
Issued and fully paid		
1 (2014: 1) Ordinary Share of £1 each	1	1

### 14 DIVIDENDS

	2015 £'000	2014 £'000
Equity dividends on ordinary shares	-	10,841
(£nil per £1 share (2014: £10,841,432 ))		

The dividend paid in 2014 was a dividend in specie and was settled by the transfer of a debt owed to Milford Energy Limited by Dragon LNG Limited. This dividend did not involve the transfer of any cash.

# MILFORD ENERGY LIMITED

## Notes to the Financial Statements for the year ended 31 December 2015 (continued)

### 15 NET CASH INFLOWS FROM OPERATING ACTIVITIES

	2015 £'000	2014 £'000
Operating profit	-	-
Depreciation on property, plant & equipment	-	-
Increase in inventories	-	-
Decrease in trade and other receivables	-	-
Increase in trade and other payables	-	-
Net cash inflow from operating activities	-	-

### 16 CAPITAL COMMITMENTS

	2015 £'000	2014 £'000
Contracts placed for future capital expenditure not provided in the financial statements	-	-
	-	-

### 17 IMMEDIATE AND ULTIMATE PARENT COMPANIES

The immediate parent company is Dragon LNG Group Limited, which is the parent company of the largest and smallest group within which the results of the company are included by full consolidation. The consolidated financial statements of Dragon LNG Group Limited can be obtained from the company at Main Road, Waterston, Milford Haven, Pembrokeshire SA73 1DR.

The Dragon LNG Group Limited share capital is held 50% by BG Energy Holdings Limited and 50% by Petronas LNG Sendirian Berhad (PLSB). BG Energy Holdings Limited is a wholly owned subsidiary of BG Group plc, a company registered in England and Wales. Petronas LNG Sendirian Berhad is a wholly owned subsidiary of Petroliam Nasional Berhad, a company registered in Malaysia. During 2015 Petronas LNG Sendirian Berhad acquired the 50% shareholding previously owned by Petronas International Corporation Limited (PICL).

Royal Dutch Shell plc acquired BG Group plc on the 15 February 2016.

# MILFORD ENERGY LIMITED

## Notes to the Financial Statements for the year ended 31 December 2015 (continued)

### 18 RELATED PARTY TRANSACTIONS

Related party transactions are set out below.

	Invoiced or accrued during the year 2015 £'000	Outstanding as at 31 December 2015 £'000	Invoiced or accrued during the year 2014 £'000	Outstanding as at 31 December 2014 £'000
<b>Income &amp; Recharges</b>				
BG Group Plc and its subsidiaries	-	-	-	-
Petroliam Nasional Berhad and its subsidiaries	-	-	-	-
	-	-	-	-
<b>Purchases</b>				
BG Group Plc and its subsidiaries	-	-	-	-
Petroliam Nasional Berhad and its subsidiaries	-	-	-	-
	-	-	-	-

### Key management compensation

Key management includes the company directors and the company's resident senior management team.

	2015 £'000	2014 £'000
Salaries and other short-term employee benefits	-	-
Termination benefits	-	-
Post-employment benefits	-	-
Other long-term benefits	-	-
Share based payments	-	-
<b>Total</b>	-	-

The company did not have any employees in either 2014 or 2015.

# MILFORD ENERGY LIMITED

## Notes to the Financial Statements for the year ended 31 December 2015 (continued)

### 19 FINANCIAL RISK MANAGEMENT

#### Liquidity risk

Given that the company has ceased trading and has no financial obligations liquidity risk is considered negligible.

#### Interest rate risk

The company does not have any borrowings upon which interest is being charged and no interest is being earned on the company's small cash balance so this risk is negligible.

#### Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The company's exposure to credit risk is indicated by the carrying amount of its assets which consist principally of bank balances. The directors believe that this risk is minimal as the bank balances are held with a major financial institution.

The maximum exposure to credit risk is represented by the carrying values of the assets below;

	2015 £'000	2014 £'000
Cash and cash equivalents	5	5
	5	5

#### Foreign currency risk

The company is not involved in any foreign currency transactions so this risk is also negligible.

#### Capital risk

The company does not have any borrowings and is entirely funded by equity. Consequently gearing calculations are not required and capital risk is negligible.

# MILFORD ENERGY LIMITED

## Notes to the Financial Statements for the year ended 31 December 2015 (continued)

### 20 FIRST TIME ADOPTION OF IFRS

The company first adopted IFRSs in 2015, with a date of transition of 1 January 2014. Its last financial statements in accordance with previous UK GAAP were for the year ended 31 December 2014.

#### Statement of Financial Position reconciliation at 1 January 2014

	Note	Previous GAAP	Effect of transition to IFRSs	IFRSs
Property, plant and equipment		0	0	0
Total non-current assets		0	0	0
Inventories		0	0	0
Trade and other receivables		10,842	0	10,842
Cash and cash equivalents		5	0	5
Total current assets		10,847	0	10,847
<b>Total assets</b>		<b>10,847</b>	<b>0</b>	<b>10,847</b>
Trade and other payables		1	0	1
Total current liabilities		1	0	1
Deferred tax liabilities		0	0	0
Total non current liabilities		0	0	0
Ordinary shares		1	0	0
Share premium		1,599	0	1,599
Retained earnings		9,246	0	9,246
Total equity		10,846	0	10,846
<b>Total liabilities and equity</b>		<b>10,847</b>	<b>0</b>	<b>10,847</b>

#### Notes to the reconciliation of equity at 1 January 2014

There were no restatements required as a result of transition to IFRS.

# MILFORD ENERGY LIMITED

## Notes to the Financial Statements for the year ended 31 December 2015 (continued)

### 20 FIRST TIME ADOPTION OF IFRS (continued)

#### Statement of Financial Position reconciliation at 31 December 2014

	Note	Previous GAAP	Effect of transition to IFRSs	IFRSs
Property, plant and equipment		0	0	0
Total non-current assets		0	0	0
Inventories		0	0	0
Trade and other receivables		0	0	0
Cash and cash equivalents		5	0	5
Total current assets		5	0	5
<b>Total assets</b>		<b>5</b>	<b>0</b>	<b>5</b>
Trade and other payables		0	0	0
Total current liabilities		0	0	0
Deferred tax liabilities		0	0	0
Total non current liabilities		0	0	0
Ordinary shares		0	0	0
Share premium		0	0	0
Retained earnings		5	0	5
Total equity		5	0	5
<b>Total liabilities and equity</b>		<b>5</b>	<b>0</b>	<b>5</b>

#### *Notes to the reconciliation of equity at 31 December 2014*

There were no restatements required as a result of transition to IFRS.

# MILFORD ENERGY LIMITED

## Notes to the Financial Statements for the year ended 31 December 2015 (continued)

### 20 FIRST TIME ADOPTION OF IFRS (continued)

#### Income Statement reconciliation for the year ended 31<sup>st</sup> December 2014

	Note	Previous GAAP	Effect of transition to IFRSs	IFRSs
Revenue		0	0	0
Cost of revenue		0	0	0
<b>Gross profit</b>		<b>0</b>	<b>0</b>	<b>0</b>
Administrative expenses		0	0	0
<b>Operating profit</b>		<b>0</b>	<b>0</b>	<b>0</b>
Finance income		0	0	0
Finance expenses		0	0	0
<b>Profit before taxation</b>		<b>0</b>	<b>0</b>	<b>0</b>
Income tax expense		0	0	0
<b>Profit after taxation</b>		<b>0</b>	<b>0</b>	<b>0</b>

#### *Notes to the income statement reconciliation for the year ended 31 December 2014*

There were no restatements required as a result of transition to IFRS.