

Milford Energy Limited

**Annual Report and Financial
Statements for the year ended
31 December 2013**

Registered Number 05199003

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MILFORD ENERGY LIMITED

Annual Report and Financial Statements for the year ended 31 December 2013

CONTENTS	PAGE
Directors' report	1 - 2
Independent auditors' report	3 - 4
Profit and loss account	5
Balance sheet	6
Reconciliation of movement in shareholders' funds	7
Notes to the financial statements	8 - 14

MILFORD ENERGY LIMITED

Directors' Report for the year ended 31 December 2013

The directors have pleasure in submitting their report, together with the audited financial statements of the company for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The principal activity of the company was previously the generation and supply of energy at its cogeneration plant and associated equipment at an industrial site in Milford Haven. On 25 January 2013 the entire 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 year ending 31 December 2013. Further details relating to the basis of preparation applied in preparing these financial statements are provided in Note 1 to the financial statements.

RESULTS AND DIVIDENDS

The company's results are shown on page 5. The directors do not recommend the payment of a dividend for the year (2012: £nil).

DIRECTORS AND THEIR INTERESTS

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

Appointed	Resigned
Stephen Surrall	
Ann Collins	
Klaus Reinisch	
Ahmad Hakimi Muhammad Radzi	5 March 2013
Andrew Bernard Shanta	5 March 2013

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.

STRATEGIC REPORT

Given the transfer of business and expected dormant status of the company in the future, the directors are of the opinion that a Strategic Report is not necessary.

MILFORD ENERGY LIMITED

Directors' Report for the year ended 31 December 2013 (continued)

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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 of the company for that period. In preparing these 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 whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the 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, 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.


INDEPENDENT AUDITORS

As part of the audit process each director has confirmed, as at the date 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 them self 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


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Stephen Surran
Director

DATE: 18 JUNE 2014

MILFORD ENERGY LIMITED

Independent auditors' report to the members of Milford Energy Limited

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- 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 then ended;
- 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.

This opinion is to be read in the context of what we say in the remainder of this report.

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 disclosures made in Note 1 to the financial statements concerning the going concern basis of accounting. Following the transfer of its trading assets to Dragon LNG Limited, a fellow subsidiary on 25 January 2013, the Directors have decided that the company has ceased trading. Accordingly, the going concern basis of accounting 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. 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.

What we have audited

The financial statements, which are prepared by Milford Energy Limited, comprise:

- the balance sheet as at 31 December 2013;
- the profit and loss account for the year then ended;
- the reconciliation of movements in shareholders' funds; 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 their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("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.

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

MILFORD ENERGY LIMITED

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.

Other matters on which we are required to report by exception

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.

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.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement 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 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 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.



Jonathan Bound (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff

25 June 2014

MILFORD ENERGY LIMITED

Profit And Loss Account for the year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Turnover	2	1,731	21,004
Cost of sales		(97)	(1,856)
GROSS PROFIT		1,634	19,148
Administrative expenses		(785)	(10,468)
OPERATING PROFIT	3	849	8,680
Loss on disposal of fixed assets		(1,573)	-
Interest receivable and similar income		3	20
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(721)	8,700
Tax on (loss)/profit on ordinary activities	5	2,679	(1,957)
PROFIT FOR THE FINANCIAL YEAR	11	1,958	6,743

All items relate to discontinued operations.

The company has no recognised gains and losses other than those included above and therefore no separate statement of total recognised gains and losses has been prepared.

There is no difference between the (loss)/profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.


MILFORD ENERGY LIMITED

Balance Sheet as at 31 December 2013

	Note	2013 £'000	2012 £'000
FIXED ASSETS			
Tangible assets	6	-	81,667
		-	81,667
CURRENT ASSETS			
Stocks – equipment spares		-	672
Debtors	7	10,842	2,379
Cash at bank and in hand		5	9,166
		10,847	12,217
Creditors: amounts falling due within one year	8	(1)	(2,316)
NET CURRENT ASSETS		10,846	9,901
TOTAL ASSETS LESS CURRENT LIABILITIES		10,846	91,568
Creditors: amounts falling due after more than one year	8	-	(80,000)
Deferred Taxation	9	-	(2,680)
NET ASSETS		10,846	8,888
CAPITAL AND RESERVES			
Called up share capital	10	1	1
Share premium account	11	1,599	1,599
Profit and loss account	11	9,246	7,288
TOTAL SHAREHOLDERS' FUNDS		10,846	8,888

The notes on pages 8 to 14 form part of these financial statements.

Approved by the Board on: 18 JUNE 2014


 Stephen Sarrall
 Director
 DATE:

MILFORD ENERGY LIMITED

Reconciliation of Movement in Shareholders' Funds for the year ended 31 December 2013

	2013 £'000	2012 £'000
Profit for the financial year	1,958	6,743
NET INCREASE TO SHAREHOLDERS' FUNDS	1,958	6,743
Opening shareholders' funds	8,888	2,145
CLOSING SHAREHOLDERS' FUNDS	10,846	8,888

MILFORD ENERGY LIMITED

Notes to the Financial Statements for the year ended 31 December 2013

1 ACCOUNTING POLICES

Basis of accounting

These financial statements are prepared under the historical cost convention and in accordance with the applicable accounting standards in the United Kingdom (UK GAAP) and the Companies Act 2006.

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 year ended 31 December 2013.

There has 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.

The prior year financial statements have been prepared on the going concern basis.

The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Cash flow statement

The company has taken advantage of the exemption available in FRS 1 (revised) not to prepare a cash flow statement as it is a wholly owned subsidiary of Dragon LNG Group Limited.

Deferred taxation

Provision is made in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements. Deferred tax is measured on a non-discounted basis.

Deferred tax assets are recognised only to the extent they are considered recoverable.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet.

Turnover

Until the date the company ceased trading, turnover represented the value of goods and services provided during the year as calculated with the reference to the Energy Supply Agreement with Dragon LNG Limited and the Import & Export Agreement with Scottish & Southern Electric. Turnover is wholly derived within the UK.

2 TURNOVER

The turnover arose from the principal activity of the company, and arose entirely within the United Kingdom. As a result, no segmental disclosures are required in the financial statements.

MILFORD ENERGY LIMITED

Notes to the Financial Statements for the year ended 31 December 2013 (continued)

3 OPERATING PROFIT

Profit on ordinary activities before taxation is stated after charging the following:	2013 £'000	2012 £'000
Depreciation	435	5,137
Remuneration of auditors – audit services	-	10
Remuneration of auditors – non audit services (taxation compliance)	-	5

All auditors' remuneration has been borne by Dragon LNG limited.

4 EMPLOYEE INFORMATION

The company currently has no employees of its own with staff being provided on a secondment basis from its shareholders. The costs of the staff are recharged to the company and are included in note 12.

MILFORD ENERGY LIMITED

Notes to the Financial Statements for the year ended 31 December 2013 (continued)

5 TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	2013 £'000	2012 £'000
Current Tax		
Corporation tax at 20.00 % (2012: 24.50%) on results for the year	1	-
Deferred Tax		
Origination and reversal of timing differences	169	2,014
Changes in tax rates or laws	(349)	(57)
Release of deferred tax balance	(2,500)	-
Taxation on profit on ordinary activities	(2,679)	1,957

The taxation assessed for the year is higher (2012: lower) than the rate applying in the UK. The differences are explained below:

	2013 £'000	2012 £'000
(Loss)/Profit on ordinary activities before taxation	(721)	8,700
Profit on ordinary activities multiplied by the UK smaller companies' rate of Corporation Tax of 20.00% (2012: 24.50%)	(144)	2,132
Effects of:		
Expenses not deductible for tax purposes	317	24
Accelerated capital allowances	(80)	(2,156)
Other timing differences	(92)	-
Total current tax charge	1	-

MILFORD ENERGY LIMITED

Notes to the Financial Statements for the year ended 31 December 2013 (continued)

6 TANGIBLE FIXED ASSETS

	Long leasehold £'000	Tooling and equipment £'000	Plant and machinery £'000	Total £'000
Cost				
At 1 January 2013	599	39	95,496	96,134
Transfer to Dragon LNG Ltd	(599)	(39)	(95,496)	(96,134)
At 31 December 2013	-	-	-	-
Accumulated depreciation				
At 1 January 2013	6	16	14,445	14,467
Charged in the year	-	1	434	435
Transfer to Dragon LNG Ltd	(6)	(17)	(14,879)	(14,902)
At 31 December 2013	-	-	-	-
Net book value				
At 31 December 2013	-	-	-	-
At 31 December 2012	593	23	81,051	81,667

There are no assets held under finance leases in either year.

7 DEBTORS

	2013 £'000	2012 £'000
Amounts due from Dragon LNG Limited	10,842	1,059
Other debtors	-	1,171
Prepayments and accrued income	-	149
	10,842	2,379

MILFORD ENERGY LIMITED

Notes to the Financial Statements for the year ended 31 December 2013 (continued)

8 CREDITORS

Amounts falling due within one year:

	2013 £'000	2012 £'000
Trade creditors	-	11
Amounts due to ultimate shareholders and their other subsidiaries (see note 12)	-	149
Amounts due to Dragon LNG Limited	-	2,059
Taxation and social security	-	1
Accruals and deferred income	-	96
Corporation tax payable	1	-
	1	2,316

Amounts falling due after more than one year:

	2013 £'000	2012 £'000
Shareholder loans (see note 12)	-	80,000

9 DEFERRED TAXATION PROVISION

	2013 £'000	2012 £'000
At 1 January	2,680	723
(Credit)/Charge to profit and loss account	(180)	1,957
On disposal of business	(2,500)	-
At 31 December	-	2,680

In the prior year, all of the deferred tax provision related to accelerated capital allowances.

10 CALLED UP SHARE CAPITAL

	2013 £'000	2012 £'000
Allotted and fully paid		
1,000 (2012: 1,000) Ordinary shares of £1 each	1	1

MILFORD ENERGY LIMITED

Notes to the Financial Statements for the year ended 31 December 2013 (continued)

11 RESERVES

	Share premium account £'000	Profit and loss account £'000
At 1 January 2013	1,599	7,288
Profit for the year	-	1,958
At 31 December 2013	1,599	9,246

12 RELATED PARTY TRANSACTIONS

	Invoiced or accrued during the year to 31 December 2013 £'000	Outstanding as at 31 December 2013 £'000	Invoiced or accrued during the year to 31 December 2012 £'000	Outstanding as at 31 December 2012 £'000
Purchases				
BG Group PLC and its subsidiaries	-	-	97	47
Petroliam Nasional Berhad and its subsidiaries	-	-	54	102
	-	-	151	149

Included within the recharge from BG Group above was an amount of nil (2012: £97,419) in respect of a provision for general management services by a Milford Energy Limited director.

	Outstanding as at 31 December 2013 £'000	Outstanding as at 31 December 2012 £'000
Interest free loans received by the company		
BG Group PLC and its subsidiaries	-	40,000
Petroliam Nasional Berhad and its subsidiaries	-	40,000
	-	80,000

Milford Energy Limited is a subsidiary of Dragon LNG Group Limited which is a joint venture company of which BG Group Plc and Petroliam Nasional Berhad each own 50% of the ordinary share capital. In accordance with FRS 8 – Related party disclosures, no disclosures have been made of transactions between the company and other companies in the Dragon LNG Group Limited group.

MILFORD ENERGY LIMITED

Notes to the Financial Statements for the year ended 31 December 2013 (continued)

13 PARENT UNDERTAKING AND CONTROLLING PARTY

The company's share capital was held 50% by BG Energy Holdings Limited and 50% by Petronas International Corporation Limited until 15 October 2012 when 100% of it was acquired by Dragon LNG Group Limited – a company registered in England and Wales.

Dragon LNG Group Limited 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 share capital of Dragon LNG Group Limited is held 50% by BG Energy Holdings Limited and 50% by Petronas International Corporation Limited.

BG Energy Holdings Limited is a wholly owned subsidiary of BG Group PLC a company incorporated in Great Britain and registered in England and Wales. Petronas International Corporation Limited is a wholly owned subsidiary of Petroliam Nasional Berhad, a company registered in Malaysia.

14 CAPITAL COMMITMENTS

The company had no capital commitments at the balance sheet date in either year.