

Registered number: 6422318

Hess Holdings UK Limited

**Annual report and financial statements
for the year ended 31 December 2015**

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Hess Holdings UK Limited

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Hess Holdings UK Limited

Company information

Directors	P A Blair M J Chadwick
Registered number	6422318
Registered office	One London Wall London EC2Y 5AB
Auditor	Ernst & Young LLP 1 More London Place London SE1 2AF

Hess Holdings UK Limited

Strategic report for the year ended 31 December 2015

The directors present their strategic report on the company for the year ended 31 December 2015.

Review of business

The company is a holding company investing in subsidiaries whose principal activities are the exploration for and the production of oil and natural gas.

Key financial performance indicators

No key performance indicators are disclosed for this company as they are managed at the group level.

Principal risks and uncertainties

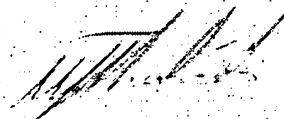
The company's future dividend income from certain subsidiary undertakings may be impacted by external factors, such as volatility in the selling prices of crude oil and natural gas, reserve and production changes, industry cost inflation, exploration expenses and changes in tax rates.

The company monitors the impact of these risks as part of its regular reviews of the performance of its assets against agreed performance indicators both short and long term. Where appropriate, plans are implemented to manage risks having an impact on the business performance.

Future developments

The company will continue to act as a holding company investing in subsidiaries whose principal activities are the exploration for and the production of oil and natural gas.

By order of the Board



**M J Chadwick
Director**

29 August 2016

Hess Holdings UK Limited

Directors' report for the year ended 31 December 2015

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

Company limited by guarantee

The company is a private company limited by guarantee and has no share capital. The liability of each member of the company in the event of a winding-up is limited by guarantee to US\$1.

At 31 December 2015, the company had one member, namely Hess Holdings Algeria Limited.

Results and dividends

The company's results for the financial year are set out in the profit and loss account on page 7.

The directors do not recommend the payment of a dividend (2014: US\$Nil).

Future developments

An indication of the likely future developments of the company is provided in the Strategic Report.

Directors

The directors who held office during the year and to the date of signing the financial statements, unless otherwise indicated, are as follows:

P A Blair	(appointed 27 May 2016)
M J Chadwick	(appointed 30 March 2015)
A S Gibbons	(resigned 30 March 2015)
H Paver	(resigned 31 March 2016)
P D Welford	(resigned 27 May 2016)

Qualifying third party indemnity provisions

A qualifying third party indemnity provision as defined in Section 232(2) of the Companies Act 2006 is in force for the benefit of each of the directors in respect of liabilities incurred as a result of their office, to the extent permitted by law. In respect of those liabilities for which directors may not be indemnified, a directors' and officers' liability insurance policy was maintained by the Hess Corporation group throughout the financial year.

Hess Holdings UK Limited

Directors' report for the year ended 31 December 2015

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('FRS 102').

Under company law the directors must not approve the financial statements unless 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of the financial statements; and
- 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 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.

Disclosure of information to auditor

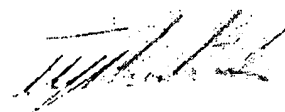
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- that director has taken all the steps that they ought to have taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

In accordance with Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and Ernst & Young LLP will therefore continue in office.

By order of the Board



M J Chadwick
Director

29 August 2016

Hess Holdings UK Limited

Independent auditor's report to the members of Hess Holdings UK Limited

We have audited the financial statements of Hess Holdings UK Limited for the year ended 31 December 2015, which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, 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 members those matters we are required to state 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 members 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 Directors' Responsibilities Statement set out on page 4, 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 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Hess Holdings UK Limited

Independent auditor's report to the members of Hess Holdings UK Limited

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.

Ernst & Young LLP

Jacqueline Ann Geary (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

1 September 2016

Hess Holdings UK Limited

Profit and loss account for the year ended 31 December 2015

	Note	2015 US\$	2014 US\$
Administrative expenses		(2,534)	(1,653)
Loss on ordinary activities before interest and taxation		(2,534)	(1,653)
Interest receivable and similar income		4,518	1,509
Profit / (loss) on ordinary activities before taxation		1,984	(144)
Tax on profit / (loss) on ordinary activities	7	-	-
Profit / (loss) for the financial year		1,984	(144)

The company's results are derived from continuing activities.

The company has no other comprehensive income for the current and preceding financial year. Therefore no separate statement of comprehensive income has been presented.

Hess Holdings UK Limited

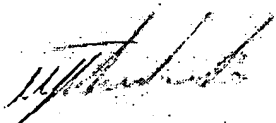
Registered number: 6422318

Balance sheet as at 31 December 2015

	Note	2015 US\$	2014 US\$
Fixed assets			
Investments	8	-	-
Current assets			
Debtors	9	1,929	1,928
Cash at bank and in hand		422,673	419,505
		<u>424,602</u>	<u>421,433</u>
Creditors: amounts falling due within one year	10	(1,186)	(1)
Net current assets		<u>423,416</u>	<u>421,432</u>
Net assets		<u><u>423,416</u></u>	<u><u>421,432</u></u>
Capital and reserves			
Capital contribution reserve		479,495	479,495
Retained earnings		(56,079)	(58,063)
Total equity		<u><u>423,416</u></u>	<u><u>421,432</u></u>

The notes on pages 10 to 17 are an integral part of these financial statements.

The financial statements on pages 7 to 17 were approved and authorised for issue by the board of directors on 29 August 2016 and were signed on its behalf by:



M J Chadwick
Director

Hess Holdings UK Limited

Statement of changes in equity for the year ended 31 December 2015

	Capital contribution reserve US\$	Retained earnings US\$	Total equity US\$
At 1 January 2015	479,495	(58,063)	421,432
Profit for the financial year, representing total comprehensive income	-	1,984	1,984
At 31 December 2015	<u>479,495</u>	<u>(56,079)</u>	<u>423,416</u>

Statement of changes in equity for the year ended 31 December 2014

	Capital contribution reserve US\$	Retained earnings US\$	Total equity US\$
At 1 January 2014	479,495	(57,919)	421,576
Loss for the financial year, representing total comprehensive expense	-	(144)	(144)
At 31 December 2014	<u>479,495</u>	<u>(58,063)</u>	<u>421,432</u>

Hess Holdings UK Limited

Notes to the financial statements for the year ended 31 December 2015

1. General Information

Hess Holdings UK Limited is a holding company investing in subsidiaries whose principal activities are the exploration for and the production of oil and natural gas.

The company is a private company limited by guarantee and is incorporated and domiciled in the United Kingdom. The address of its registered office is One London Wall, London, EC2Y 5AB.

2. Statement of compliance

The individual financial statements of the company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' ("FRS 102") and the Companies Act 2006.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements. Details of the transition to FRS 102 are disclosed in note 13.

3.1 Basis of preparation

These financial statements have been prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

3.2 Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

3.3 Exemptions for qualifying entities under FRS 102

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102:

- preparing a statement of cash flows;
- disclosure of key management personnel compensation; and
- preparing certain financial instrument disclosures.

The company has taken advantage of these exemptions on the basis that it meets the definition of a qualifying entity and its ultimate parent undertaking, Hess Corporation, includes the related disclosures in its own consolidated financial statements. Details of where those financial statements may be obtained can be found in note 12.

Other than the exemptions taken above, the company has applied the recognition, measurement and disclosure requirements of FRS 102.

Hess Holdings UK Limited

Notes to the financial statements for the year ended 31 December 2015

3. Summary of significant accounting policies (continued)

3.4 Consolidation

The company is a wholly owned subsidiary of Hess Holdings Algeria Limited, a company incorporated in the Cayman Islands, and of its ultimate parent undertaking, Hess Corporation, a company incorporated in the State of Delaware, United States of America. It is included in the consolidated financial statements of Hess Corporation which are publicly available. Therefore the company is exempt by virtue of Section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

These financial statements are the company's separate financial statements.

3.5 Foreign currency

(i) Functional and presentational currency

The company's functional and presentational currency is US dollars.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rate at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

3.6 Interest income

Interest income is recognised using the effective interest method.

Hess Holdings UK Limited

Notes to the financial statements for the year ended 31 December 2015

3. Summary of significant accounting policies (continued)

3.7 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred tax assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in the tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

3.8 Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the profit and loss account.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

Hess Holdings UK Limited

Notes to the financial statements for the year ended 31 December 2015

3. Summary of significant accounting policies (continued)

3.9 Investments

Investments in subsidiary companies are held at cost less accumulated impairment losses.

3.10 Cash and cash equivalents

Cash and cash equivalents includes deposits held with banks and bank overdrafts.

Bank overdrafts are shown within current liabilities.

3.11 Financial instruments

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including amounts owed by group undertakings and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the profit and loss account.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the profit and loss account.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including other creditors are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Basic debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Hess Holdings UK Limited

Notes to the financial statements for the year ended 31 December 2015

3. Summary of significant accounting policies (continued)

3.11 Financial Instruments (continued)

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.12 Liability of members

The company is a private company limited by guarantee and has no share capital. The liability of each member of the company in the event of a winding-up is limited by guarantee to US\$1.

At 31 December 2015, the company had one member, namely Hess Holdings Algeria Limited.

3.13 Related party transactions

The company discloses transactions with related parties which are not wholly owned within the Hess Corporation group. It does not disclose transactions with members of the Hess Corporation group that are wholly owned.

4. Critical accounting judgments and estimation uncertainty

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgments in applying the company's accounting policies

At 31 December 2015, the company did not make any critical judgments in applying its accounting policies.

(b) Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Fixed asset investments

The company reviews the carrying value of fixed asset investments and the associated impairment provision required. The company calculates the impairment based on the value in use represented by the subsidiary undertaking. See note 8 for the carrying value of fixed asset investments.

Hess Holdings UK Limited

Notes to the financial statements for the year ended 31 December 2015

5. Employees and directors

Employees

The company had no employees during the year ended 31 December 2015 or the previous financial year.

Directors

Except for P D Welford, the directors of the company during the year were also directors of Hess Services UK Limited in whose financial statements the information required by the Companies Act 2006 as regards directors' emoluments will be given. With respect to P D Welford, he did not receive any fees or remuneration for services as a director of the company during the financial year (2014: US\$Nil).

6. Auditor's remuneration

Auditor's remuneration in respect of audit services (audit of the financial statements) amounting to US\$8,000 (2014: US\$10,000) will be borne by Hess Limited. There were no fees paid to the auditor in relation to non-audit services (2014: US\$Nil).

7. Tax on profit / (loss) on ordinary activities

	2015 US\$	2014 US\$
Current tax		
UK corporation tax on profits / (losses) for the year	-	-
Factors affecting tax charge for the year		
The tax assessed for the year is lower (2014: higher) than the standard rate of corporation tax in the UK of 20.25% (2014: 21.49%). The differences are explained below:		
	2015 US\$	2014 US\$
Profit / (loss) on ordinary activities before taxation	1,984	(144)
Profit / (loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014: 21.49%)	402	(31)
Effects of:		
Expenses not deductible for tax purposes	239	-
Income not taxable	-	(19)
Losses carried forward and rate change	-	50
Utilisation of losses	(641)	-
Total tax charge for the year	-	-

Hess Holdings UK Limited

Notes to the financial statements for the year ended 31 December 2015

7. Tax on profit / (loss) on ordinary activities (continued)

Factors that may affect future tax charges

A change to the UK corporation tax rate was announced in the Budget on 16 March 2016 to reduce the rate to 17% from 1 April 2020. Changes to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 had already been substantively enacted on 26 October 2015. As the change to 17% had not been substantively enacted at the balance sheet date, it has not therefore been included in these financial statements.

8. Fixed asset investments

	Subsidiary undertakings US\$
Cost	
At 1 January 2015 and 31 December 2015	102,097,156
Impairment	
At 1 January 2015 and 31 December 2015	102,097,156
Net book value	
At 31 December 2015	-
At 31 December 2014	-

At 31 December 2015, the company directly held 100% of the ordinary shares of Hess Algeria Limited, a company registered in the Cayman Islands. The nature of business of Hess Algeria Limited is the exploration for and production of oil and natural gas in Algeria. At 31 December 2015, the net book value of the investment in Hess Algeria Limited was US\$Nil (2014: US\$Nil).

At 31 December 2015, the company indirectly held 100% of the ordinary shares of Hess Ventures Inc., a dormant company registered in the Cayman Islands.

Hess Holdings UK Limited

Notes to the financial statements for the year ended 31 December 2015

9. Debtors

	2015 US\$	2014 US\$
Amounts owed by group undertakings	1,929	1,842
Other debtors	-	86
	<u>1,929</u>	<u>1,928</u>

10. Creditors: amounts falling due within one year

	2015 US\$	2014 US\$
Amounts owed to group undertakings	-	1
Other creditors	1,186	-
	<u>1,186</u>	<u>1</u>

11. Deferred taxation

A potential deferred tax asset for losses of US\$1,150 (2014: US\$1,911) has not been recognised on the grounds that there is insufficient evidence that the asset will be recoverable. This asset would be recoverable if there are sufficient and suitable taxable profits in the future in which to offset the losses.

12. Immediate parent undertaking and ultimate parent undertaking

The immediate parent undertaking is Hess Holdings Algeria Limited, a company incorporated in the Cayman Islands.

The ultimate parent undertaking and controlling party is Hess Corporation, a company incorporated in the State of Delaware, United States of America. Hess Corporation is the parent undertaking of the smallest and largest group to consolidate these financial statements and copies of its consolidated financial statements can be obtained from the company at One London Wall, London, EC2Y 5AB.

13. First time adoption of FRS 102

This is the first year that the company has presented its results under FRS 102. The last financial statements under previously extant UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2014.

The policies applied under the previously extant UK GAAP are not materially different to FRS 102 and have not impacted on equity at 1 January 2014 and 31 December 2014 or the loss for the year ended 31 December 2014.