

Registered number: 6422318

Hess Holdings UK Limited

**Annual report and financial statements
for the year ended 31 December 2014**

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Hess Holdings UK Limited

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Hess Holdings UK Limited

Company information

Directors	M J Chadwick H Paver P Welford
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 2014

The directors present their strategic report on the company for the year ended 31 December 2014.

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

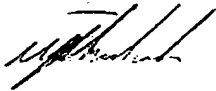
The company's future dividend income from certain subsidiary undertakings may be impacted by external factors, such as volatility in the selling prices of crude oil and natural gas, reserve and production changes, industry cost inflation, exploration expenses and changes in tax rates.

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**

2 October 2015

Hess Holdings UK Limited

Directors' report for the year ended 31 December 2014

The directors present their report and the audited financial statements of the company for the year ended 31 December 2014.

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 2014, 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 (2013: 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:

M J Chadwick	(appointed 27 March 2015)
A S Gibbons	(resigned 30 March 2015)
H Paver	
P Welford	

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 2014

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements of the company in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements of the company for each financial year. Under that law the directors have prepared 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; and
- prepare the financial statements of the company 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 of the company 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.

The directors confirm that they have complied with these requirements and, having a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, continue to adopt the going concern basis in preparing the financial statements.

Disclosure of information to auditor

The directors confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware. The directors also confirm they have each taken all the steps that they ought to have taken in order to make themselves 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

2 October 2015

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 2014, which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's 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 to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's 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 2014 and of its loss 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and 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

8 October 2015

Hess Holdings UK Limited

Profit and loss account for the year ended 31 December 2014

	Note	2014 US\$	2013 US\$
Administrative expenses		(1,653)	(1,047)
Impairment of fixed asset investments	6	-	(25,361,692)
Total administrative expenses		(1,653)	(25,362,739)
Loss on ordinary activities before interest and taxation		(1,653)	(25,362,739)
Interest receivable and similar income		1,509	-
Loss on ordinary activities before taxation		(144)	(25,362,739)
Tax on loss on ordinary activities	5	-	-
Loss for the financial year	11	(144)	(25,362,739)

The company's results are derived from continuing activities.

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

Hess Holdings UK Limited

Registered number: 6422318

Balance sheet at 31 December 2014

	Note	US\$	2014 US\$	US\$	2013 US\$
Fixed assets					
Investments	6		-		-
Current assets					
Debtors	7	1,928		1,842	
Cash at bank and in hand		419,505		419,735	
		<u>421,433</u>		<u>421,577</u>	
Creditors: Amounts falling due within one year	8	(1)		(1)	
Net current assets			<u>421,432</u>		<u>421,576</u>
Net assets			<u>421,432</u>		<u>421,576</u>
Capital and reserves					
Capital contribution reserve	11		479,495		479,495
Profit and loss reserve	11		(58,063)		(57,919)
Member's funds	12		<u>421,432</u>		<u>421,576</u>

The financial statements on pages 7 to 12 were approved by the board of directors on 2 October 2015 and were signed on its behalf by:



M J Chadwick
Director

Hess Holdings UK Limited

Notes to the financial statements for the year ended 31 December 2014

1. Principal accounting policies

1.1 Basis of preparation

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards. The principal accounting policies, which have been applied consistently, are set out below.

1.2 Consolidation

The financial statements contain information about Hess Holdings UK Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included in the consolidated financial statements of its ultimate parent undertaking, Hess Corporation, a company incorporated in the State of Delaware, United States of America.

1.3 Foreign currencies

The financial statements are prepared in US dollars, the functional currency of the company.

Transactions in currencies other than US dollars are recorded at the rates ruling at the date of the transaction. Monetary assets and liabilities denominated in currencies other than US dollars are translated at the rate of exchange ruling at the balance sheet date. All gains and losses arising are included in the profit and loss account.

1.4 Investments

Investments are stated at cost less any provision for impairment losses. Any impairment in value is charged through the profit and loss account.

1.5 Impairment

The company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recovered in accordance with Financial Reporting Standard 11. If the carrying amounts are not expected to be recovered by future cash flows, the assets are impaired and an impairment loss recorded.

1.6 Deferred tax

Deferred tax arises in respect of items where there is a timing difference between their treatment for accounting purposes and their treatment for taxation purposes. Provision is made for deferred tax using the full provision method on an undiscounted basis. A deferred tax asset is only recognised where, on the basis of all available evidence, it is more likely than not that there will be suitable taxable profits for which it could be recovered.

2. Directors' emoluments

Except for P Welford, the directors of the company during the year are also directors of Hess Services UK Limited in whose financial statements the information required by the Companies Act 2006 as regards directors' emoluments is given. With respect to P Welford, he did not receive any fees or remuneration for services as a director of the company during the financial year (2013: US\$Nil).

Hess Holdings UK Limited

Notes to the financial statements for the year ended 31 December 2014

3. Employee information

The company had no employees during the year ended 31 December 2014 or the previous financial year.

4. Auditor's remuneration

Auditor's remuneration in respect of audit services (audit of the financial statements) amounting to US\$10,000 (2013: US\$10,350) will be borne by Hess Limited. There were no fees paid to the auditor in relation to non-audit services (2013: US\$Nil).

5. Tax on loss on ordinary activities

	2014 US\$	2013 US\$
Current tax		
UK corporation tax	-	-

Factors affecting tax charge for the year

The tax assessed for the year is higher (2013: higher) than the standard rate of corporation tax in the UK of 21.49% (2013: 23.25%). The differences are explained below:

	2014 US\$	2013 US\$
Loss on ordinary activities before taxation	(144)	(25,362,739)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.49 (2013: 23.25%)	(31)	(5,896,837)
Effects of:		
Income not taxable	(19)	(144)
Losses carried forward and rate change	50	387
Non-deductible impairment	-	5,896,594
Total current tax charge	-	-

Factors affecting future tax charges

A change in the main UK corporation tax rate from 21% to 20% was substantively enacted on 2 July 2013 and became effective from 1 April 2015.

Further changes to the UK corporation tax rate were announced in the Budget on 8 July 2015. These include reductions in the main rate to 19% from 1 April 2017 and to 18% from 1 April 2020. As the changes had not been substantively enacted at the balance sheet date, their effects are not included in these financial statements.

Hess Holdings UK Limited

Notes to the financial statements for the year ended 31 December 2014

6. Fixed asset investments

	Subsidiary undertakings US\$
Cost	
At 1 January 2014 and 31 December 2014	102,097,156
Impairment	
At 1 January 2014 and 31 December 2014	102,097,156
Net book value	
At 31 December 2014	-
At 31 December 2013	-

At 31 December 2014, 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 December 2014, the net book value of the investment in Hess Algeria Limited was US\$Nil (2013: US\$Nil).

At 31 December 2014, the directors considered the carrying value of investments as compared to the underlying net assets represented by the subsidiary undertaking, which resulted in an impairment charge of US\$Nil (2013: US\$25,361,692).

7. Debtors

	2014 US\$	2013 US\$
Amounts owed by group undertakings	1,842	1,226
Other debtors	86	616
	<u>1,928</u>	<u>1,842</u>

8. Creditors: Amounts falling due within one year

	2014 US\$	2013 US\$
Amounts owed to group undertakings	<u>1</u>	<u>1</u>

9. Deferred tax

A potential deferred tax asset for losses of US\$1,911 (2013: US\$1,865) 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.

Hess Holdings UK Limited

Notes to the financial statements for the year ended 31 December 2014

10. 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 2014, the company had one member, namely Hess Holdings Algeria Limited.

11. Reserves

	Capital contribution reserve US\$	Profit and loss reserve US\$
At 1 January 2014	479,495	(57,919)
Loss for the financial year	-	(144)
At 31 December 2014	<u>479,495</u>	<u>(58,063)</u>

12. Reconciliation of movements in member's funds

	2014 US\$	2013 US\$
Opening member's funds	421,576	25,784,315
Loss for the financial year	(144)	(25,362,739)
Closing member's funds	<u>421,432</u>	<u>421,576</u>

13. Cash flow statement and related party transactions

The company is a wholly owned subsidiary of Hess Corporation and is included in their consolidated financial statements, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1.

The company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Hess Corporation group.

14. 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.