BG Trinidad and Tobago Limited

Annual Report and Financial Statements

For the year ended 31 December 2012

Company Registration Number: 2386676

Contents

Directors' report for the year ended 31 December 2012

The Directors present their report and the audited Financial Statements for BG Trinidad and Tobago Limited for the year ended 31 December 2012

Business review and principal activities

BG Trinidad and Tobago Limited (the "Company") was incorporated on 19 May 1989 and is a wholly owned subsidiary of BG North Sea Holdings Limited The principal activity of the Company is the exploration, development and production of hydrocarbons in Trinidad and Tobago The Directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year

BG Trinidad and Tobago Limited retains interests in two operating blocks, both held under separate Production Sharing Contracts These interests comprise (i) a 45 889% interest in the NCMA (North Coast Marine Area) 1 block, located off the north coast of Trinidad and which contains the Hibiscus, Poinsettia, Chaconia, Ixora, Heliconia and Bougainvillea Fields, and (ii) a 50% interest in Block 6, located off the east coast of Trinidad and containing the Dolphin and Manatee Fields

During 2012, BG Trinidad and Tobago Limited continued to supply both the domestic and export markets Production volumes from the Dolphin field reached 11 02 mmboe (million barrels of oil equivalent) in 2012 (2011 10 12 mmboe), whereas production from the NCMA block reached 8 86 mmboe (2011 8 58 mmboe)

The results for the year are set out in the profit and loss account on page 6 Turnover increased by 7% in the year to $361,816,000 (2011 $337,281,000) as a result of higher commodity prices Profit on ordinary activities before taxation increased by 23% to $207,569,000 (2011 $168,528,000)

Key performance indicators ("KPIs")

The performance of the Company is monitored, reviewed and assessed at group level, and therefore the Directors are of the opinion that analysis of the business of the Company using KPIs is not appropriate for an understanding of the development, performance or position of the business of the Company For further information about KPIs, in the context of the group as a whole, please refer to the BG Group plc Annual Report and Accounts 2012

Principal risks and uncertainties

The success of the Company depends in part upon understanding and managing the political, economic and market conditions in Trinidad and Tobago The Company's revenues are dependent on consistency and reliability of operations and project delivery Inability to meet contractual obligations in terms of quality and quantity of supply could also result in losses for the Company The Company has a monitoring, review and assurance program to mitigate these risks The Company's results are sensitive to natural gas prices The Company does not hedge commodity prices

In addition, the Company faces risks which affect both the Company and BG Group as a whole These risks are managed at group level on behalf of the Directors of the Company Group risks are discussed in the BG Group plc Annual Report and Accounts 2012 which does not form part of this report

Results and dividend

The profit for the year of $74,643,000 (2011 $65,125,000) has been transferred to reserves The Directors do not propose to declare a dividend in respect of the year ended 31 December 2012 (2011 $nil)

Directors' report for the year ended 31 December 2012 continued

Directors

The following served as Directors during the year and up to the date of this report

	Appointed	Resigned
K M Behrens De Lima (alternate to D I G Hudson)		18 September 2012
G Goddard	24 September 2012	
S J Hill		
R Lumlock (alternate to G Goddard)	26 September 2013	
D I G Hudson		24 September 2012
G R Thompson (alternate to G Goddard)	24 September 2012	7 September 2013
P S Vidler		

Company Secretaries

The following served as joint Company Secretaries during the year and up to the date of this report

	Appointed	Resigned
C Barry	22 July 2013	
R L Dunn		
C S Inman		22 July 2013
A W McCulloch		27 April 2012

Directors' insurance

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

Suppliers

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

The Company had 13 days' purchases outstanding at 31 December 2012 based on the average daily amount invoiced by suppliers during the year (2011 11 days)

Derivative financial instruments

The Company did not transact in any derivative financial instruments during the year Full details of the BG Group policies and procedures surrounding financial instruments and details of such transactions can be found in the BG Group plc Annual Report and Accounts 2012

Auditors

The term of PricewaterhouseCoopers LLP (the "Auditors") as the Company's auditors expires upon the giving of their audit report The Board has resolved to put forward a written resolution to the sole shareholder of the Company pursuant to Section 514 of the Companies Act 2006 appointing Ernst & Young LLP as their replacement

Statement as to disclosure of information to auditors

As required by Sections 418 and 419 of the Companies Act 2006, each of the Directors has approved this report and confirmed that, so far as he is aware, there is no relevant audit information (being information needed by the Auditors in connection with preparing their audit report) of which the Company's Auditors are unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information

Directors' report for the year ended 31 December 2012 continued

Statement of directors' responsibilities
The Directors are responsible for preparing the Annual Report and 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) The Financial Statements are required by law to 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 year

The Directors consider that in preparing the Financial Statements on pages 6 to 19, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates and that all applicable accounting standards have been followed and that the Financial Statements have been prepared on the going concern basis The Company has complied with UK disclosure requirements

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enables them to ensure that the Financial Statements comply with the Companies Act 2006

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities

The Directors, having prepared the Financial Statements, have requested the Auditors to take whatever steps and undertake whatever inspections they consider to be appropriate for the purpose of enabling them to give their audit report

By order of the Board

R Dunn

R Dunn
Company Secretary

Date 27/9/13

Registered Office

100 Thames Valley Park Drive
Reading
Berkshire
RG6 1PT

Registered in England & Wales No 2386676

Independent Auditors' report to the member of BG Trinidad and Tobago Limited

We have audited the Financial Statements of BG Trinidad and Tobago Limited for the year ended 31 December 2012 which comprise the Profit and loss account, the Balance sheet, the Statement of total recognised gains and losses and the related notes 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)

Respective responsibilities of directors and auditors
As explained more fully in the Statement of Directors' responsibilities set out on page 3, 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

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

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 to identify material inconsistencies with the audited Financial Statements 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 2012 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

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

Independent Auditors' report to the member of BG Trinidad and Tobago Limited continued

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

Mark King

Mark King
(Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Date 30 September 2013

Profit and loss account for the year ended 31 December

	Notes	2012 $000	2011 $000
Turnover	3	**361,816**	337,281
Operating costs		**(52,737)**	(54,554)
Exploration expenditure		**(4,715)**	(3,469)
Depreciation		**(95,646)**	(104,193)
Operating profit	4	**208,718**	175,065
Net interest payable and similar (costs)/income	5	**(1,149)**	(6,537)
Profit on ordinary activities before taxation		**207,569**	168,528
Tax on profit on ordinary activities	7	**(132,926)**	(103,403)
Retained profit for the financial year	17,18	**74,643**	65,125

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

	Notes	2012 $000	2011 $000
Profit for the financial year		**74,643**	65,125
Actuarial loss on pension scheme	15,17,18	**(2,223)**	(2,630)
Total recognised gains and losses for the financial year		**72,420**	62,495

The results for the year are derived solely from continuing operations

There is no difference between the historical cost profits and losses and the results presented

The notes on pages 8 to 19 form part of these Financial Statements

Balance sheet as at 31 December

	Notes	2012 $000	2011 $000
Fixed assets			
Intangible assets	8	**6,209**	10,439
Tangible assets	9	**667,506**	676,913
Investments	10	**2**	2
		673,717	687,354
Current assets			
Debtors amounts falling due within one year	11	**814,857**	723,708
Creditors: amounts falling due within one year	12	**(74,867)**	(70,942)
Net current assets		**739,990**	652,766
Total assets less current liabilities		**1,413,707**	1,340,120
Provisions for liabilities and charges	13	**(321,382)**	(323,427)
Pension liability	15	**(6,328)**	(4,888)
Net assets		**1,085,997**	1,011,805
Capital and reserves			
Called up share capital	16	**-**	-
Capital reserve	17	**96,341**	96,341
Profit and loss account	17	**989,656**	915,464
Equity shareholder's funds	18	**1,085,997**	1,011,805

The notes on pages 8 to 19 form part of these Financial Statements

The Financial Statements on pages 6 to 19 were approved and authorised for issue by the Board of Directors and were signed on its behalf by

P Vidler

P S Vidler
Director

Date 27/9/13

Notes to the Financial Statements

1 Ultimate parent undertaking

The immediate parent undertaking is BG North Sea Holdings Limited The ultimate parent undertaking and controlling party is BG Group plc, which is the parent undertaking of the largest group to consolidate these Financial Statements The smallest group into which the Company is consolidated is that of which BG Energy Holdings Limited is the parent undertaking BG Energy Holdings Limited and BG Group plc are both registered in England and Wales Copies of the Group consolidated accounts may be obtained from the Company Secretary, 100 Thames Valley Park Drive, Reading, Berkshire, RG6 1PT

2 Accounting policies

Basis of preparation and accounting principles
These accounts have been prepared on the going concern basis and in accordance with applicable law and Accounting Standards in the United Kingdom, using historical cost principles A summary of the more important accounting policies, which have been applied consistently, is set out below

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

In addition, the SORP recommends the disclosure of oil and gas reserve quantities The oil and gas reserve quantities of the Company are included in the oil and gas reserve quantities disclosed in the Annual Report and Accounts of the Company's parent, BG Group plc The Directors have elected not to publish this information for the Company as the information is disclosed by BG Group plc on a consolidated basis and this disclosure is analysed geographically The consolidated disclosures and the basis on which the information is disclosed can be found on pages 129 and 130 of the Annual Report and Accounts of BG Group plc for the year ended 31 December 2012

Exemptions
The Company is a wholly owned subsidiary undertaking of BG Group plc and is therefore exempt under Section 400 of the Companies Act 2006 from the requirement to prepare consolidated accounts

The Company has taken advantage of the exemptions available to wholly owned UK subsidiaries under Financial Reporting Standard (FRS) 1 (Revised 1996) 'Cash Flow Statements', and accordingly has not prepared a cash flow statement, and within FRS 8 'Related Party Disclosures' and paragraph 72 of Schedule 1 of The Large and Medium–sized Companies and Groups (Accounts and Reports) Regulations 2008 from disclosure of transactions with other group companies The Company only has one class of business and, as a result, is exempt from the segmental reporting requirements of the Companies Act The Company has taken advantage of the exemption under FRS 25 'Financial Instruments - Presentation', and has not disclosed information required by that standard, as the consolidated financial statements of BG Group plc (the Company's ultimate parent undertaking), in which the

Company is included, provide equivalent disclosures for the Group under IFRS 7 'Financial Instruments Disclosures'

Notes to the Financial Statements continued

2 Accounting policies continued

Fixed asset investments
Fixed asset investments are stated at cost less provision for impairment

Tangible fixed assets
All tangible fixed assets are carried at depreciated historical cost Additions represent extensions to, or significant increases in, the capacity of tangible fixed assets Interest charges on borrowings used to finance major capital projects are capitalised to the point of commissioning

Impairment of fixed assets
Any impairment of fixed assets is calculated as the difference between the carrying values of cash generating units and their recoverable amounts, being the higher of the estimated value in use or net realisable value at the date the impairment loss is recognised Value in use represents the net present value of expected future cash flows discounted on a pre-tax basis Net realisable value is based on the best evidence available to the Company, and may include appropriate valuation techniques, market data or sales of comparable assets

Impairment of fixed assets is recognised in the profit and loss account within operating costs

Depreciation
Tangible fixed assets, except exploration and production assets, are depreciated on a straight-line basis at rates sufficient to write off the historical cost less residual value of individual assets over their estimated useful lives The depreciation rates for the principal categories of assets are as follows

Motor vehicles and office equipment - up to 10 years

Exploration and production assets are depreciated from the commencement of production in the fields concerned, using the unit of production method based on the proved developed reserves of those fields, except that a basis of total proved reserves is used for acquired interests and facilities Changes in these estimates are dealt with prospectively Asset lives are kept under review and complete asset life reviews are conducted periodically

Revenue recognition
Revenue associated with exploration and production sales is recorded when title passes to the customer Revenue from the production of hydrocarbons in which the Company has an interest with other producers is recognised on the basis of the Company's working interest (entitlement method) All other revenue is recognised when title passes to the customer

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

Notes to the Financial Statements continued

2 Accounting policies continued

Exploration expenditure continued
Exploration expenditure, including licence acquisition costs, is capitalised as an intangible fixed asset when incurred and certain expenditure, such as geological and geophysical exploration costs, is expensed A review of each licence or field is carried out, at least annually, to ascertain whether proved reserves have been discovered When proved reserves are determined, the relevant expenditure, including licence acquisition costs, is transferred to tangible fixed assets and depreciated on a unit of production basis Expenditure deemed to be unsuccessful is written off to the profit and loss account The Company considers this application of the successful efforts method to be appropriate as it provides comparability with the Company peer group and because it treats licence acquisition costs in a manner which is consistent with the treatment of other exploration assets within intangible fixed assets

Decommissioning costs
Where a legal or constructive obligation has been incurred, decommissioning provisions are recognised in the Financial Statements at the net present value of the future expenditure estimated to be required to settle the Group's decommissioning obligations The discount implicit in recognising the decommissioning liability is unwound over the life of the provision and is included in the profit and loss account as a financial item within finance costs When a provision gives access to future economic benefits, an asset is recognised and then subsequently depreciated in line with the life of the underlying producing field, otherwise the costs are charged to the profit and loss account Any changes to estimated costs are dealt with prospectively The measurement of decommissioning provisions involves the use of estimates and assumptions such as the discount rate used to determine the net present value of the liability The estimated cost of decommissioning is based on engineering estimates and reports In addition, the payment dates of expected decommissioning costs are uncertain and are based on economic assumptions surrounding the useful economic lives of the fields concerned

Deferred taxation
Provision is made in full, on an undiscounted basis, for the deferred tax arising on the difference between the accounting treatment and tax treatment for depreciation in respect of accelerated capital allowances and other timing differences Deferred tax assets are recognised to the extent that they are regarded as recoverable

Leases
Rentals under operating leases are charged to the profit and loss account as incurred

Pensions
The majority of the Company's employees participate in the BG Trinidad and Tobago Limited Pension Fund Plan (the "Plan"), which is a defined benefit scheme Provision has been made for the obligations in accordance with FRS 17 'Retirement Benefits'

Although the schemes are multiemployer schemes, 90% of the employees in the schemes are employed by the Company, and as a result of this the Company recognises the entire FRS 17 liability in its balance sheet Other participating employers account for contributions to the schemes as if they were defined contribution schemes under FRS 17, whilst providing additional disclosure on the schemes as a whole

The amount recognised on the balance sheet in respect of liabilities for defined benefit pension schemes represents the present value of the obligations less the fair value of schemes' assets less any deferred tax relating to the liability

Notes to the Financial Statements continued

2 Accounting policies continued

Pensions continued
The cost of providing benefits under the schemes is charged to the income statement over the periods benefiting from the employees' services with the exception of actuarial gains and losses which are recognised in full in the statement of total recognised gains and losses Current and past service costs are reflected in operating profit and financing costs are reflected in finance costs in the period in which they arise

Foreign currencies
Transactions in foreign currencies are translated into US Dollars at the rates of exchange ruling at the date of the transaction Foreign currency monetary assets and liabilities are translated into US Dollars at the rates of exchange ruling at the balance sheet date Differences arising from changes in exchange rates are taken to the profit and loss account in the year in which they arise

Functional currency
Management considers that the Company's functional currency is US Dollars and the Financial Statements are presented in that currency

3 Turnover
All turnover is solely derived from the sale of natural gas which excludes value added tax and which, for the purposes of the Companies Act 2006, constitutes one class of business

4 Operating profit
Operating profit is stated after charging

	2012	2011
	$000	$000
Depreciation charge for the year		
Tangible owned fixed assets	**95,646**	104,193
Operating lease rentals	**4,304**	4,004
Well write-offs	**10**	2

The remuneration of the Auditors, amounting to $9,750 (2011 $9,650), has been borne by BG Energy Holdings Limited and has not been recharged to the Company

5 Net interest payable and similar (costs)/income

	2012	2011
	$000	$000
Interest receivable	**1,711**	16
Interest payable	**-**	(1,706)
Foreign exchange (loss)/gain	**2,541**	335
Other finance income (note 15)	**(78)**	(5)
Unwinding of discount on decommissioning provision	**(5,323)**	(5,177)
	(1,149)	(6,537)

Notes to the Financial Statements continued

6 Directors and employees

The average number of people employed by the Company during the year was 444 (2011 389)

	2012	2011
Exploration and production	**303**	211
Administration	**141**	178
	444	389

Employee costs during the year were as follows	2012 $000	2011 $000
Wages and salaries	**45,898**	35,157
Social security costs	**560**	456
Pension costs	**2,237**	1,772
	48,695	37,385

No Directors received emoluments in respect of their services to the Company during the year (2011 $nil)

7 Taxation on ordinary activities

The charge for taxation comprises

	2012 $000	2011 $000
Current tax		
UK corporation tax at 24 5% (2011 26 5%)	**76,878**	74,172
Double tax relief	**(76,274)**	(74,080)
Under/(over) provision of UK corporation tax in prior years	**3**	(13,763)
Foreign tax	**139,417**	110,739
Under provision of foreign tax in prior years	**4,776**	4,214
Total current tax charge	**144,800**	101,282
Deferred tax		
Deferred tax current year charge	**(14,225)**	2,716
Over provision of deferred tax in prior years	**2,351**	(595)
Total deferred tax charge	**(11,874)**	2,121
Total tax charge for the year	**132,926**	103,403

Factors affecting the tax charge for the year:

	2012	2011
Profit on ordinary activities before tax	**207,569**	168,528
Tax on profit on ordinary activities at 24 5% (2011 26 5%)	**50,849**	44,648
Effects of		
Depreciation in excess of capital allowances	**25,892**	29,894
Permanent disallowables	**138**	(370)
Adjustments attributable to overseas tax	**63,142**	36,659
Under provision of foreign tax in prior years	**4,776**	4,214
Under/(over) provision of UK corporation tax in prior years	**3**	(13,763)
Current year tax charge	**144,800**	101,282

Notes to the Financial Statements continued

7 Taxation on ordinary activities continued

The current tax charge reconciliation includes timing differences reflected in the UK corporation tax return The deferred tax charge is calculated using the foreign tax base and rate Overseas deferred tax is provided at 57 25% (2011 57 25%)

There is an unrecognised deferred tax asset of $295,783,000 (2011 $486,268,000) relating to excess foreign tax credits This amount would be realised if future UK corporation tax liabilities exceed foreign tax liabilities

Effective 1 April 2012, the applicable rate of UK corporation tax reduced to 24%, with a further reduction in the UK corporation tax rate to 23% effective from 1 April 2013

8 Intangible fixed assets

	Unproved properties $000
At 1 January 2012	10,439
Disposals	(4,220)
Well write-offs	(10)
At 31 December 2012	**6,209**

9 Tangible fixed assets

Cost	**Proved oil and gas properties in production and development $000**	**Motor vehicles and office equipment $000**	**Total $000**
At 1 January 2012	1,218,550	59,406	1,277,956
Additions	85,633	606	86,239
At 31 December 2012	**1,304,183**	**60,012**	**1,364,195**
Accumulated depreciation			
At 1 January 2012	566,806	34,237	601,043
Provision for the year	86,154	9,492	95,646
At 31 December 2012	**652,960**	**43,729**	**696,689**
Net book value			
At 31 December 2012	**651,223**	**16,283**	**667,506**
At 31 December 2011	651,744	25,169	676,913

10 Fixed asset investments

	2012 $000	2011 $000
Cost and net book value of shares in associated undertakings	2	2

The Company holds a 25% direct interest in The International School of Port of Spain Limited, a company incorporated in Trinidad and Tobago, whose principal business is education As at 31 December 2012 and 31 December 2011, the Company held 10,000 ordinary shares of nominal value TT$1 each fully paid

Notes to the Financial Statements continued

11 Debtors: amounts falling due within one year

	2012 $000	2011 $000
Trade debtors	17,384	32,385
Amounts owed by group undertakings	725,107	644,546
Other debtors	51,019	38,639
Amounts owed by group undertakings in respect of taxation	-	140
Prepayments and accrued income	21,347	7,998
	814,857	723,708

Amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment

12 Creditors: amounts falling due within one year

	2012 $000	2011 $000
Trade creditors	6,257	10,880
Amounts owed to group undertakings in respect of taxation	699	-
Other creditors	4,976	3,114
Overdrafts	3,150	2,697
Accruals and deferred income	59,785	54,251
	74,867	70,942

Amounts owed by group undertakings are unsecured, interest free and are repayable on demand

13 Provisions for liabilities and charges

	Deferred taxation $000	Decommissioning provision $000	Total $000
At 1 January 2012	145,933	177,494	323,427
Profit and loss credit	(11,874)	-	(11,874)
Unwinding of discount	-	5,323	5,323
Additions during the year	-	4,506	4,506
Decrease in provision	-	-	-
At 31 December 2012	**134,059**	**187,323**	**321,382**

The deferred taxation comprises	2012 $000	2011 $000
Accelerated capital allowances	144,063	145,933
Other timing differences	(10,004)	-
	134,059	145,933

Decommissioning costs
The estimated costs of decommissioning at the end of the producing lives of fields are based on engineering estimates and reports from independent experts Provision is made for the estimated cost of decommissioning at the balance sheet date The payment dates of total expected future decommissioning costs are uncertain, but are currently anticipated to be between 2026 and 2027

Notes to the Financial Statements continued

14 Commitments and contingencies

Commitments under operating leases
At 31 December 2012, the Company was committed to making the following annual payments on operating leases

	2012	2011
	$000	$000
Lease commitments expiring		
within one year	**1,259**	1,911
between two and five years	**5,774**	4,219
greater than five years	**1,723**	2,834
	8,756	8,964

Capital commitments
As at 31 December 2012, the Company had placed contracts for capital expenditure amounting to $189,046,000 (2011 $32,490,000)

15 Pensions

The majority of the Company's employees participate in the British Gas Trinidad Limited Pension Fund Plan (the "Plan") The Plan is of the defined benefit type, and is registered and established under Trust. The Plan is funded to cover future pension liabilities in respect of service up to the balance sheet date It is subject to an independent valuation at least every three years, on the basis of which the qualified actuary certifies the rate of employer's contributions which, together with the contributions payable by employees and proceeds from the Plan's assets, are expected to be sufficient to fund the benefits payable under the Plan Employees contribute to the Plan at a rate of 4% of National Insurance System (NIS) salary and 6% of salary in excess of NIS salary For the year ended 31 December 2012, the employer's contribution rate was 11 8% of members' salaries A rate of 11 8% has been confirmed as sufficient contribution until the next full actuarial valuation is performed as at 31 December 2013

The figures below in relation to the year ended 31 December 2012 are based on a valuation of the scheme's assets and expected liabilities as at 31 December 2012 carried out by independent actuaries in accordance with the requirements of FRS 17

The last independent valuation showed that the value of the Plan's assets as at 31 December 2012 was $15,948,937

The major assumptions used by the actuary for the purposes of FRS 17 were

	2012	2011
Rate of increase in salaries	**6.00%**	6 00%
Rate of increase in pensions in payment and deferred pensions	**0.00%**	0 00%
Discount rate applied to scheme liabilities	**5.00%**	5 50%
Inflation assumption	**7.20%**	7 50%

Notes to the Financial Statements continued

15 Pensions continued

The mortality assumptions used were as follows

	2012 years	2011 years
Longevity at age 60 for current pensioners		
- Men	**21.0**	21 0
- Women	**25.1**	25 1
Longevity at age 60 for future pensioners		
- Men	**21.4**	21 4
- Women	**25.4**	25 4

The fair value of the Plan's assets and the present value of the Plan's liabilities were as follows

	2012 $000	2011 $000
Equities	**5,119**	3,165
Government/corporate bonds	**9,521**	8,044
Cash	**1,308**	1,978
Total market value of assets	**15,948**	13,187
Present value of Plan liabilities	**(22,276)**	(18,075)
Deficit in the Plan	**(6,328)**	(4,888)
Net pension liability	**(6,328)**	(4,888)

The expected long-term rate of return on Plan assets is shown below

	2012	2011
Equities	**8.0%**	11 8%
Bonds	**5.0%**	8 8%
Other - cash/deposits	**2.0%**	6 5%

The investments which are held in Plan assets consist of government, corporate, zero coupon bonds and foreign securities, all of which are stated at fair value

Sensitivity analysis of Plan

The sensitivity of the Plan funding and cost to the Company resulting from changes in the principal assumptions used is set out below

	Change in assumption	Impact on scheme liabilities
Rate of increase in salaries	Increase/reduce salary inflation by 1% per annum	+13%/-11%
Discount rate applied to scheme liabilities	Increase/reduce discount rate by 1% per annum	-19%/+26%
Mortality	Reduce mortality rate by 25%	+4%

Notes to the Financial Statements continued

15 Pensions continued

Reconciliation of the present value of scheme liabilities

	2012 $000	2011 $000
At 1 January	18,075	12,907
Impact of foreign exchange movement	(412)	(81)
At 1 January (revised)	17,663	12,826
Service cost	1,624	1,243
Interest cost	968	796
Members' contributions	607	605
Actuarial loss	1,681	2,895
Benefits paid	(158)	(180)
Expense allowance	(109)	(110)
At 31 December	22,276	18,075

Reconciliation of the fair value of scheme assets

	2012 $000	2011 $000
At 1 January	13,187	10,588
Impact of foreign exchange movement	(301)	(66)
At 1 January (revised)	12,886	10,522
Expected return on Plan assets	890	792
Actuarial loss	542	265
Company contributions	1,290	1,293
Members' contributions	607	605
Benefits paid	(158)	(180)
Expense allowance	(109)	(110)
At 31 December	15,948	13,187

Scheme assets do not include any of the Company's own financial instruments, or any property occupied by the Company

The expected return on Plan assets is determined by considering the expected returns available on the assets underlying the current investment policy This was based on an analysis of the rates of return on the assets of the Plan over the intervaluation period The return based on the market value of the assets reflects the volatility of equity prices

The actual return on scheme assets in the year was $1,432,000 (2011 $1,057,000)

The following amounts have been recognised in the profit and loss account and statement of total recognised gains and losses in the year to 31 December 2012 and 2011 under the requirements of FRS 17

Notes to the Financial Statements continued

15 Pensions continued

Amounts included in operating profit

	2012	2011
	\$000	\$000
Current service cost	**1,624**	1,243

Amounts included in other finance income

	2012	2011
	\$000	\$000
Expected return on pension scheme assets	**890**	792
Interest on pension scheme liabilities	**(968)**	(797)
	(78)	(5)

Actuarial valuation
The actuarial valuation at 31 December 2012 showed a deficit in the Plan of \$6,327,546 (2011 \$4,888,000) The total contributions expected to be made by the Company in the year ended 31 December 2013 is \$1,296,820

Summary for current and previous four years

	2012	2011	2010	2009	2008
	\$000	\$000	\$000	\$000	\$000
Defined benefit obligation	**(22,276)**	(18,075)	(12,907)	(9,571)	(6,497)
Plan assets	**15,948**	13,187	10,588	8,214	6,408
(Deficit)/surplus	**(6,328)**	(4,888)	(2,319)	(1,357)	(89)
Experience adjustments on Plan assets	**(542)**	265	(112)	(6)	(604)
Experience adjustments on Plan liabilities	**(1,681)**	(2,895)	(990)	(1,223)	43
Actuarial (loss)/gain to be recognised in statement of total recognised gains and losses	**(2,223)**	(2,630)	(1,102)	(1,229)	(561)

16 Called up share capital

	2012	2011
	\$	\$
Allotted and fully paid:		
3 ordinary shares of £1 each	**4**	4

The allotted share capital is shown in US Dollars at the prevailing rate of exchange as at the date of issue

Notes to the Financial Statements continued

17 Reserves

	Profit and loss account $000	Capital reserve $000	Total $000
As at 1 January 2012	915,464	96,341	1,011,805
Transfer from profit and loss account	74,643	-	74,643
Prior year tax adjustment	1,772		1,772
Actuarial loss under FRS 17	(2,223)	-	(2,223)
As at 31 December 2012	**989,656**	**96,341**	**1,085,997**

18 Reconciliation of movement in shareholder's funds

	2012 $000	2011 $000
As at 1 January	**1,011,805**	949,310
Transfer from profit and loss account	**74,643**	65,125
Prior year tax adjustment	**1,772**	-
Actuarial loss under FRS 17	**(2,223)**	(2,630)
As at 31 December	**1085,997**	1,011,805