

BG Trinidad and Tobago Limited

Annual Report and Financial Statements

For the year ended 31 December 2015

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Company Registration Number: 2386676

Contents

Strategic report	1 - 2
Directors' report	3 - 5
Independent auditor's report	6 - 7
Income statement	8
Statement of comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Notes to the Financial Statements	11 - 27

Strategic report for the year ended 31 December 2015

The Directors present their Strategic report for BG Trinidad and Tobago Limited for the year ended 31 December 2015.

Review of the business

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 Company retains interests in two operating blocks, both held under separate Production Sharing Contracts. These interests comprise (i) a 45.885% interest in the NCMA (North Coast Marine Area) 1 block, located off the north coast of Trinidad and Tobago 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 Tobago, which includes the Dolphin Field.

During 2015, BG Trinidad and Tobago Limited continued to supply both the domestic and export markets. Production volumes from the Dolphin field achieved 3.6 mmboe (million barrels of oil equivalent) in 2015 (2014: 9.5 mmboe), whereas production from the NCMA 1 block reached 9.3 mmboe (2014: 9.0 mmboe).

There have not been any changes in the Company's activities in the year under review. 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.

For a more detailed review of the activities, development and performance of the business during 2015 and the position of BG Group at the end of the year, please refer to the BG Group Annual Report and Accounts 2015 - Strategic report section on pages 2 to 16.

Principal risks and uncertainties

The Company is subject to a broad range of risks such as political, commodity prices, reserves replacement, people resource and project delivery risks. The Company's revenues are dependent upon the performance of its working interest in the block 6 and NMCA 1 block fields. The integrity of the Company's assets can be affected by a number of factors including unplanned shutdowns and equipment failure. The Company has a continuing monitoring and maintenance programme to reduce the risk of failure.

During 2015 and up to the effective date of the Combination (as defined below) (see note 19), the Company faced risks which affected both the Company and BG Group as a whole. BG Group risks are discussed in the BG Group plc Annual Report and Accounts 2015 which does not form part of this report. For risks applicable to the Company following the Combination, please refer to Royal Dutch Shell plc's Annual Report and Form 20-F for the year ended 31 December 2015.

Key performance indicators (KPIs)

During 2015 and up to the effective date of the Combination (see note 19), BG Group monitored, reviewed and assessed its operations at segment and geographical levels, therefore the Directors are of the opinion that analysis 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 BG Group as a whole, please refer to the BG Group Annual Report and Accounts 2015. For details of the KPIs that the Company will be measured against following the Combination, please refer to Royal Dutch Shell plc's Annual Report and Form 20-F for the year ended 31 December 2015.

Directors' report for the year ended 31 December 2015

The Directors present their report and the audited Financial Statements for BG Trinidad and Tobago Limited for the year ended 31 December 2015.

Dividend

The Directors did not propose an interim dividend for the year ended 31 December 2015 (2014: \$56,000,000). The Directors have not proposed a final dividend (2014: \$nil).

Future developments

Future developments are included in the Strategic report.

Post balance sheet events

Shell combination

On 8 April 2015, the Boards of Royal Dutch Shell plc ("Shell") and BG Group plc announced that they had reached agreement on the terms of a recommended cash and share offer to be made by Shell for the entire issued and to be issued share capital of BG Group plc (the "Combination") to be effected by way of a Scheme of Arrangement under Part 26 of the Companies Act 2006 (the "Scheme"). On 27 January 2016, Shell shareholders voted to approve the Combination and on 28 January 2016, BG Group plc shareholders voted to approve the Scheme at a court-convened meeting and to approve a special resolution to implement the Scheme, including amendments to the BG Group plc articles, at a general meeting of BG Group plc. Following a court hearing on 11 February 2016, the Scheme became effective on 15 February 2016.

On 30 March 2016, BG Group plc re-registered as a private limited company, BG Group Limited.

Directors

The following served as Directors during the year and up to the date of this report, unless otherwise shown:

N W H Blaker

A Collins (resigned 11 July 2016)

G Goddard (resigned 31 May 2016)

R E Lumlock (resigned 3 March 2015)

A Martin-Davis (appointed 2 March 2015 and resigned 31 May 2016)

C Orr-Burns (appointed 29 April 2015)

The following Directors were appointed after the year end:

M Ashworth (appointed 29 September 2016)

D Hudson (appointed 1 June 2016)

Directors' report for the year ended 31 December 2015 continued

Company Secretaries

The following served as joint Company Secretaries during the year and up to the date of this report, unless otherwise shown:

C S Barry (resigned 31 July 2016)

R L Dunn (resigned 31 May 2016)

C L Ennett (appointed 1 October 2015 and resigned 31 July 2016)

The following Secretary was appointed after the year end:

Shell Corporate Secretary Limited (appointed 31 July 2016)

Directors' remuneration

For details of the Directors' remuneration, see note 5 to the Financial Statements.

Employees

The Company takes a positive approach to equality and diversity and encourages its partners to do likewise. By using the talent and skills available in all groups and communities in the countries in which it operates, the Company is able to build a strong foundation for the lasting success of the business.

The Company achieves this by using appropriate recruitment and selection techniques, ensuring equality of employment opportunity and equal access to development opportunities for all employees and potential new hires.

The Company is also committed to providing a work environment free from harassment and discrimination and remains committed to fair treatment of people with disabilities in relation to job applications, training, promotion and career development. Every effort is made to find appropriate alternative jobs for those who are unable to continue in their existing job because of disability. As with the approach to equality and diversity, the Company encourages its partners to have a similar approach to these issues where Company policies are not able to be implemented directly.

Employees are informed about significant business issues and the Company's performance using webcasts, internal intranet and in-house publications, as well as at face-to-face briefing meetings at each business location. When appropriate, consultation with employee and union representatives also takes place.

Derivative financial instruments and financial risks

The Company did not transact in any derivative financial instruments during the year.

Full details of the BG Group policies and procedures surrounding financial risks, financial instruments and details of such transactions can be found in the BG Group Annual Report and Accounts 2015.

Auditors

Pursuant to Section 487 of the Companies Act 2006, Ernst and Young LLP (the auditors) are deemed to have been reappointed and remain in office as the auditors of the Company.

Directors' report for the year ended 31 December 2015 continued

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.

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), including FRS 101 'Reduced Disclosure Framework' (FRS 101). 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.

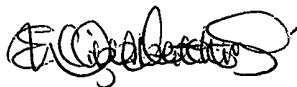
The Directors consider that in preparing the Financial Statements on pages 8 to 27 the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates and that all applicable accounting standards have been followed and that the Financial 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:



Shell Corporate Secretary Limited
Company Secretary

Date: 29 Sep 2016

Registered Office:
Shell Centre
London
SE1 7NA

Registered in England and Wales No. 2386676

Independent auditor's 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 2015 which comprise the Income statement, the Balance sheet and the Statement of changes in equity and the related notes, set out on pages 8 to 27. 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 101 'Reduced Disclosure Framework'.

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 Statement of Directors' responsibilities (set out on page 5), 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 (APB'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 loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101, 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

Opinion on other matter prescribed by the Companies Act 2006

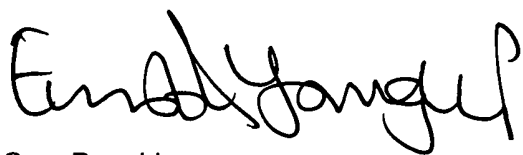
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements and have been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic report or Directors' report.

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.



Gary Donald
(Senior Statutory Auditor)
For and on behalf of Ernst and Young LLP, Statutory Auditor
London

Date:

30/9/16

Income statement for the year ended 31 December

	Notes	2015 \$000	2014 \$000
Revenue	3	123,939	318,432
Operating costs		(65,734)	(66,586)
Exploration expenditure		(3,047)	(6,211)
Depreciation	4	(139,921)	(128,330)
Amortisation	4	(683)	(683)
Impairment	4	<u>(40,500)</u>	<u>(203,000)</u>
Operating loss		(125,946)	(86,378)
Finance income	6	17,424	19
Finance costs	6	<u>(8,339)</u>	<u>(30,977)</u>
Loss before taxation		(116,861)	(117,336)
Taxation	7	<u>1,055</u>	<u>5,731</u>
Loss for the year		<u>(115,806)</u>	<u>(111,605)</u>

The results for the year are derived solely from continuing operations.

The notes on pages 11 to 27 form part of these Financial Statements.

Statement of comprehensive income for the year ended 31 December

	Notes	2015 \$ 000	2014 \$ 000
Loss for the year		(115,806)	(111,605)
Other items:			
Remeasurement of defined benefit pension obligation	15	<u>(489)</u>	<u>1,062</u>
Other comprehensive (charge)/income for the year, net of tax		<u>(489)</u>	<u>1,062</u>
Total comprehensive charge for the year		<u>(116,295)</u>	<u>(110,543)</u>

Balance sheet as at 31 December

	Notes	2015 \$000	2014 \$000
Non-current assets			
Intangible assets	9	8,526	8,457
Property, plant and equipment	10	269,852	446,348
Investments	11	<u>2</u>	<u>2</u>
		<u>278,380</u>	<u>454,807</u>
Current assets			
Inventories	12	892	747
Trade and other receivables	13	249,869	351,276
Cash and cash equivalents		<u>5,789</u>	<u>17,467</u>
		<u>256,550</u>	<u>369,490</u>
Total assets		<u>534,930</u>	<u>824,297</u>
Current liabilities			
Trade and other payables	14	(193,252)	(347,446)
Non-current liabilities			
Deferred tax liabilities	7	-	(8,430)
Net retirement benefit deficit	15	(4,126)	(3,705)
Provisions for other liabilities and charges	16	<u>(267,532)</u>	<u>(278,401)</u>
		<u>(271,658)</u>	<u>(290,536)</u>
Total liabilities		<u>(464,910)</u>	<u>(637,982)</u>
Net assets		<u>70,020</u>	<u>186,315</u>
Equity			
Called up share capital	17	-	-
Capital reserve		96,341	96,341
Retained earnings		<u>(26,321)</u>	<u>89,974</u>
Total equity		<u>70,020</u>	<u>186,315</u>

The Financial Statements on pages 8 to 27 were approved by the Board of Directors and were signed on its behalf by:



M Ashworth

Director

Date: 29 Sep 2016.

Statement of changes in equity

	Notes	Called up share capital \$000	Capital reserve \$000	Retained earnings \$000	Total \$000
At 1 January 2014		-	96,341	256,517	352,858
Loss for the year		-	-	(111,605)	(111,605)
Other comprehensive income for the year		-	-	1,062	1,062
Total comprehensive charge for the year		-	-	(110,543)	(110,543)
Equity dividends paid	8	-	-	(56,000)	(56,000)
At 31 December 2014		-	96,341	89,974	186,315
Loss for the year		-	-	(115,806)	(115,806)
Other comprehensive charge for the year		-	-	(489)	(489)
Total comprehensive charge for the year		-	-	(116,295)	(116,295)
At 31 December 2015		-	96,341	(26,321)	70,020

Notes to the Financial Statements

1 Ultimate parent undertaking

The immediate parent undertaking is BG North Sea Holdings Limited. During the year, and up to the effective date of the Combination (see note 19), the ultimate parent undertaking and controlling party was BG Group plc.

BG Group plc 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. With effect from 30 March 2016, BG Group plc re-registered as a private limited company. BG Group Limited and BG Energy Holdings Limited are both registered in England and Wales. Copies of the Group consolidated accounts may be obtained from the Company Secretary, Shell Centre, London SE1 7NA.

Following the Combination, the ultimate parent undertaking and controlling party is Royal Dutch Shell plc.

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 in the United Kingdom and Financial Reporting Standard 101, 'Reduced disclosure framework', adopted in 2015, including the July 2015 amendments to FRS 101 and adoption of the IAS 1 primary statement formats, and applicable accounting standards. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Where the Company has entered into joint operations with other companies to participate in exploration, development and production activities, the Company records its own share of the assets, liabilities, revenue and expenses associated with these joint operations.

Investments in subsidiary undertakings, joint ventures and associates are stated at cost less any provision for impairment.

Exemptions

The Company is a wholly owned subsidiary undertaking of the ultimate parent undertaking (see note 1) and is therefore exempt under Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

Notes to the Financial Statements continued

2 Accounting policies continued

Summary of disclosure exemptions

The following disclosure exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- (a) IFRS 7, 'Financial instruments: disclosures'.
- (b) Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement'.
- (c) Paragraph 38 of IAS 1, 'Presentation of financial statements' to present comparative information in respect of paragraph 79(a)(iv) of IAS 1, 'Presentation of financial statements', paragraph 73(e) of IAS 16, 'Property, plant and equipment' and paragraph 118(e) of IAS 38, 'Intangible assets';
- (d) Paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1, 'Presentation of financial statements'.
- (e) IAS 7, 'Statement of cash flows'.
- (f) Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors'.
- (g) Paragraphs 17 and 18A of IAS 24, 'Related party disclosures'.
- (h) The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- (i) Paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36, 'Impairment of assets'.

Exploration expenditure

The Company uses the 'successful efforts' method of accounting for exploration expenditure. Exploration expenditure, including licence acquisition costs, is capitalised as an intangible 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 commercial reserves have been discovered.

Intangible exploration and appraisal expenditure is reclassified to property, plant and equipment on the determination of proved reserves. This is the point when exploration and appraisal activities become a development project and reflects the importance of individual well performance and reserves to conventional E&P projects.

Exploration expenditure transferred to property, plant and equipment is subsequently depreciated on a unit of production basis. Exploration expenditure deemed to be unsuccessful is written off to the income statement.

Other intangible assets

Other intangible assets consist of re-commissioning costs for the Elba Island Terminal. Amortisation is charged on a straight-line basis at rate sufficient to write off the cost of the asset over the life of the related LNG sales and purchase agreement (15 years).

Notes to the Financial Statements continued

2 Accounting policies continued

Depreciation

Freehold land is not depreciated. Other property, plant and equipment, except exploration and production assets, is 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. Asset lives and residual values are reassessed annually. The depreciation periods for the principal categories of assets are as follows:

Motor vehicles and office equipment	up to 10 years
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Exploration and production assets are depreciated from the commencement of commercial 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 for facilities.

Changes in depreciation estimates are dealt with prospectively.

Decommissioning costs

Where a legal or constructive obligation has been incurred, provision is made for the net present value of the estimated cost of decommissioning at the end of the producing lives of assets. When this provision gives access to future economic benefits, an asset is recognised and then subsequently depreciated in line with the life of the underlying producing asset, otherwise the costs are charged to the income statement. The unwinding of the discount on the provision is included in the income statement within the finance costs. Any changes to estimated costs or discount rates are dealt with prospectively.

Impairment of non-current assets

Non-current assets subject to depreciation or amortisation are reviewed for impairments whenever events or other changes in circumstances indicate that the carrying amount may not be recoverable. Expenditure on unproved gas and oil reserves is assessed for impairment when facts and circumstances suggest that its carrying amount exceeds its recoverable amount.

Any impairment of non-current assets (excluding financial assets) is calculated as the difference between the carrying values of cash-generating units (including associated goodwill) and their recoverable amount, being the higher of the estimated value in use or fair value less costs of disposal at the date the impairment charge is recognised. Value in use represents the net present value of expected future cash flows discounted on a pre-tax basis. Fair value less costs of disposal is based on the best evidence available to the Company, and may include appropriate valuation techniques, market data or sales of comparable assets.

For the purposes of impairment testing, exploration and production assets may be aggregated into appropriate cash-generating units based on considerations including geographical location, the use of common facilities and marketing arrangements.

Financial instruments

Loans not in a fair value hedging relationship, receivable and payable balances are initially recognised at fair value and subsequently carried at amortised cost less impairments.

Notes to the Financial Statements continued**2 Accounting policies continued****Revenue**

Revenue associated with exploration and production sales (of natural gas, crude oil and petroleum products) 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 based on the Company's working interest and the terms of the relevant production sharing contracts (entitlement method). All other revenue is recognised when title passes to the customer.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax, determined using currently enacted or substantively enacted tax laws. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available, against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, joint ventures and associates, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Property plant and equipment

All property, plant and equipment is carried at depreciated historical cost. Additions represent new, or replacements of specific components of property, plant and equipment.

Inventories

Inventories, including inventories of gas, LNG and oil held for sale in the ordinary course of business, are stated at weighted average historical cost less provision for deterioration and obsolescence or, if lower, net realisable value.

Foreign currencies

The functional currency of the Company is US Dollars and the Financial Statements are presented in that currency. 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 income statement in the year in which they arise.

Leases

Rentals under operating leases are charged to the income statement on a straight-line basis over the lease term.

Pensions

The amount recognised on the balance sheet in respect of liabilities for defined benefit pension and post-retirement benefit plans represents the present value of the obligations offset by the fair value of plan assets. The cost of providing retirement pensions and related benefits is charged to the income statement over the periods benefiting from the employees' services. Current service costs are reflected in operating profit and net interest costs are reflected in finance costs in the period in which they arise. Actuarial gains and losses are recognised in full as they occur in other comprehensive income.

Notes to the Financial Statements continued

2 Accounting policies continued

Judgements and estimates

The preparation of financial statements in conformity with FRS 101 requires the Company to make judgements and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from these estimates.

A range of short and long-term assumptions are used to determine the net present value of future cash flows for use in impairment reviews unless short-term market assumptions are more appropriate to the cash generating unit under review. In the year, the Company recognised a pre-tax impairment charge of \$40,500,000 (2014: \$203,000,000) relating to its interest in the Dolphin and NCMA fields, primarily relating to a reserves downgrade. The impairment is sensitive to assumptions including commodity prices, reserves estimates and the discount rate applied to cash flow projections. Any adverse changes in these assumptions could result in an additional impairment in the next financial year.

The Company believes that there are no other specific judgements or estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3 Revenue

Revenue, which excludes value added tax, represents amounts receivable for sales of natural gas.

4 Operating loss

Operating loss is stated after charging:

	2015	2014
	\$000	\$000
Impairment of property, plant and equipment	40,500	203,000
Depreciation	139,921	128,330
Amortisation	683	683
Operating lease charges	<u>4,629</u>	<u>5,539</u>
Employee costs		
Wages and salaries	50,144	49,993
Social security costs	823	823
Pension costs	<u>3,327</u>	<u>3,079</u>
	<u>54,294</u>	<u>53,895</u>

At the end of 2015, driven by the impact of falls in commodity prices, the Company recognised an impairment of \$40,500,000 (\$203,000,000) relating to production activities in the Dolphin and NCMA fields, considered to be one cash generating unit (CGU), calculated on a fair value less costs of disposal basis using a post-tax discount rate of 8%. The recoverable amount of the CGU is \$268,334,000.

Notes to the Financial Statements continued**4 Operating loss continued**

The auditor's remuneration of \$9,060 (2014: \$9,330) has been borne by BG Energy Holdings Limited and has not been recharged to the Company. Any fees paid to the Company's auditor and its associates for services other than the statutory audit of the Company are not disclosed in these accounts since the consolidated accounts of the Company's ultimate parent (see note 1), are required to disclose non-audit fees on a consolidated basis.

All employee costs are shown gross of recharges to other companies within BG Group.

The average number of employees during the year was:

	2015	2014
	No.	No.
Upstream	448	496

5 Directors' remuneration

The total remuneration for all serving Directors for their period of directorship to the Company is disclosed below. The remuneration of the Directors has been borne by another Group Company and has not been recharged to the Company. A number of Directors are considered group function Directors of BG Group and received no remuneration for services to the Company.

	2015	2014
	\$000	\$000
Remuneration	236	299
Pension scheme contributions	30	27
	266	326

During the year the number of Directors who were receiving benefits and share incentives was as follows:

	2015	2014
	No.	No.
Received or were entitled to receive shares under long term incentive schemes	3	2
Exercised share options	2	-
Accruing benefits under defined benefit pension scheme	1	1
Accruing benefits under defined contribution pension scheme	2	1

Notes to the Financial Statements continued**6 Finance income and costs**

	2015	2014
	\$000	\$000
Finance income		
Interest receivable	6	8
Foreign exchange gain	17,418	-
Other finance income (refer to note 15)	-	11
	<u>17,424</u>	<u>19</u>
Finance costs		
Foreign exchange loss	-	(21,464)
Unwinding of discount on provisions	(8,211)	(9,513)
Other finance costs (refer to note 15)	(128)	-
	<u>(8,339)</u>	<u>(30,977)</u>
Net finance income/(costs)	<u>9,085</u>	<u>(30,958)</u>

7 Taxation

The credit for taxation comprises:

	2015	2014
	\$000	\$000
Current tax		
Corporation tax	15,833	50,232
Adjustments in respect of prior periods	325	-
Double tax relief	(12,305)	(54,841)
Overseas tax	4,068	117,793
Overseas tax adjustments in respect of prior periods	(546)	4,590
Total current tax charge	7,375	117,774
Deferred tax	(8,430)	(123,505)
Total tax credit	<u>(1,055)</u>	<u>(5,731)</u>

Notes to the Financial Statements continued**7 Taxation continued**

The total tax credit reconciles with that calculated using the statutory UK corporate tax rate of 20.25% (2014: 21.50%):

	2015	2014
	\$000	\$000
Loss before tax	<u>(116,861)</u>	<u>(117,336)</u>
Tax on loss before taxation at UK statutory corporation tax rate	<u>(23,661)</u>	<u>(25,219)</u>
Effects on tax credit of:		
Non-tax deductible or non-taxable items	15,015	19,479
Overseas taxes at different rates to UK statutory rates	(24,713)	(16,236)
Adjustment recognised for current tax of prior periods	(221)	4,590
Adjustment recognised for deferred tax of prior periods	7,360	11,655
Derecognition of deferred tax	<u>25,165</u>	<u>-</u>
Total tax credit	<u>(1,055)</u>	<u>(5,731)</u>

Deferred tax is calculated using the foreign tax base and rate. Overseas deferred tax is provided at 57.25% (2014: 57.25%).

Effective 1 April 2015, the applicable rate of UK corporation tax was reduced to 20%, with further reductions in the UK corporation tax rate to 19% effective from 1 April 2017 and 18% effective from 1 April 2020.

Deferred tax

	Accelerated tax depreciation \$000	Other temporary differences \$000	Total \$000
At 1 January 2014	(141,940)	10,005	(131,935)
Credit/(charge) for the year	<u>133,510</u>	<u>(10,005)</u>	<u>123,505</u>
As at 31 December 2014	(8,430)	-	(8,430)
Credit for the year	<u>8,430</u>	<u>-</u>	<u>8,430</u>
As at 31 December 2015	<u>-</u>	<u>-</u>	<u>-</u>

	2015	2014
	\$000	\$000
Deferred tax liabilities	<u>-</u>	<u>(8,430)</u>

Temporary differences for which no deferred tax asset has been recognised:

	2015	2014
	\$000	\$000
Deductible temporary differences	17,278	-
Unused tax losses	7,887	-
Tax credits	<u>378,681</u>	<u>385,708</u>
	<u>403,846</u>	<u>385,708</u>

Notes to the Financial Statements continued

8 Dividends

	2015 \$000	2014 \$000
Equity dividends paid		
Interim dividends	-	56,000

The Directors have not declared and paid a dividend during 2015 (2014: \$56,000,000, representing \$18,666,666.67 per share was declared and paid in December 2014). The Directors have not proposed a final dividend (2014: \$nil).

9 Intangible assets

	Unproved properties \$000	Other intangible assets \$000	Total \$000
Cost			
At 1 January 2015	2,502	10,127	12,629
Additions	752	-	752
At 31 December 2015	3,254	10,127	13,381
Amortisation			
At 1 January 2015	-	4,172	4,172
Amortisation	-	683	683
At 31 December 2015	-	4,855	4,855
Net book value			
At 31 December 2015	3,254	5,272	8,526
At 31 December 2014	2,502	5,955	8,457

Other intangible assets consist of re-commissioning costs for the Elba Island Terminal.

Notes to the Financial Statements continued

10 Property, plant and equipment

	Exploration and production \$000	Office equipment and motor vehicles \$000	Total \$000
Cost			
At 1 January 2015	1,505,769	61,248	1,567,017
Additions	18,779	4,226	23,005
Movement in decommissioning asset	(19,080)	-	(19,080)
At 31 December 2015	1,505,468	65,474	1,570,942
Accumulated depreciation			
At 1 January 2015	1,061,496	59,173	1,120,669
Depreciation	136,716	3,205	139,921
Impairment	40,500	-	40,500
At 31 December 2015	1,238,712	62,378	1,301,090
Net book value			
At 31 December 2015	266,756	3,096	269,852
At 31 December 2014	444,273	2,075	446,348

11 Investments

	Associates \$000
At 1 January and 31 December 2015	2

The Company's investment as at 31 December 2015 comprises:

Name	Activity	Country of incorporation	Proportion of shares held 2015
The International School of Port of Spain Limited	Education	Trinidad and Tobago	25%

The investment is directly held.

Registered address: 1 International Drive, West Moorings

Notes to the Financial Statements continued

12 Inventories

	2015	2014
	\$000	\$000
Raw materials and consumables	<u>892</u>	<u>747</u>

13 Trade and other receivables

	2015	2014
	\$000	\$000
Current		
Trade receivables	12,556	28,148
Amounts owed by group undertakings	177,058	284,901
Amounts owed by group undertakings in respect of taxation	1,037	4,423
Amounts owed by joint venture partners	17,275	10,137
Other receivables	24,664	17,225
Prepayments	<u>17,279</u>	<u>6,442</u>
	<u>249,869</u>	<u>351,276</u>

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

14 Trade and other payables

	2015	2014
	\$ 000	\$ 000
Current		
Overdraft	-	5,943
Trade payables	14,547	22,579
Amounts owed to group undertakings	105,875	230,192
Other payables	7,037	5,947
Accruals and deferred income	<u>65,793</u>	<u>82,785</u>
	<u>193,252</u>	<u>347,446</u>

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

Notes to the Financial Statements continued

15 Net retirement benefit deficit

A number of the Company's employees participate in the British Gas Trinidad Limited Pension Fund Plan (the "Plan"), a defined benefit registered pension plan 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 independent qualified actuary certifies the rate of employer contributions that, together with the specified contributions payable by employees and returns on the Plan's assets, are expected to be sufficient to fund the benefits payable.

Employees contribute to the Plan at a rate of 4% of National Insurance System (NIS) salary and 6% of salary in excess of this amount. For the year ended 31 December 2015, the employer's contribution rate was 18.6% of members' salaries. A rate of 18.6% has been confirmed as sufficient contribution until the next full actuarial valuation is performed as at 31 December 2016.

The figures below in relation to the year ended 31 December 2015 are based on a valuation of the Plan's assets and expected liabilities as at 31 December 2015 carried out by independent actuaries in accordance with the requirements of IAS 19.

The last independent valuation showed that the value of the Plan's assets as at 31 December 2015 was \$24,399,076 (2014: \$22,514,500).

The fair value of plan assets, the present value of plan liabilities and the net balance sheet deficit were as follows:

	2015 \$000	2014 \$000
Fair value of plan assets	24,399	22,515
Present value of liabilities	<u>(28,525)</u>	<u>(26,220)</u>
Net balance sheet deficit	<u>(4,126)</u>	<u>(3,705)</u>

The following tables show the movements in the defined benefit obligation (DBO), the fair values of plan assets and the net defined benefit obligation in the period, separately identifying the impact on the income statement and other comprehensive income:

Notes to the Financial Statements continued

15 Net retirement benefit deficit continued

2015 \$000	Defined benefit obligation	Fair value of plan assets	Net defined benefit obligation
At 1 January	(26,220)	22,515	(3,705)
Pension (cost)/credit to income statement:			
Current service cost	(1,537)	-	(1,537)
Administrative expenses paid	-	(99)	(99)
Net interest	(1,299)	1,171	(128)
Subtotal recognised in the income statement:	(2,836)	1,072	(1,764)
Remeasurement gains/(losses) in other comprehensive income:			
Return on plan assets, excluding amounts included in net interest	-	(1,285)	(1,285)
Experience adjustments	770	-	770
Currency translation adjustments	184	(158)	26
Subtotal recognised in other comprehensive income:	954	(1,443)	(489)
Benefits paid	129	(129)	-
Contributions by employees	(552)	552	-
Contributions by employer	-	1,832	1,832
	(423)	2,255	1,832
At 31 December	(28,525)	24,399	(4,126)

Notes to the Financial Statements continued

15 Net retirement benefit deficit continued

2014 \$000	Defined benefit obligation	Fair value of plan assets	Net defined benefit obligation
At 1 January	(23,567)	18,649	(4,918)
Pension (cost)/credit to income statement:			
Current service cost	(1,622)	-	(1,622)
Currency translation adjustments	(676)	535	(141)
Administrative expenses paid	-	(102)	(102)
Net interest	(1,210)	1,221	11
Subtotal recognised in the income statement:	(3,508)	1,654	(1,854)
Remeasurement gains/(losses) in other comprehensive income:			
Return on plan assets, excluding amounts included in net interest	-	(257)	(257)
Experience adjustments	1,319	-	1,319
Subtotal recognised in other comprehensive income:	1,319	(257)	1,062
Benefits paid	86	(86)	-
Contributions by employees	(550)	550	-
Contributions by employer	-	2,005	2,005
	(464)	2,469	2,005
At 31 December	(26,220)	22,515	(3,705)

The valuations as at 31 December were based on the following significant assumptions:

	2015	2014
	%	%
Discount rate	5.0	5.0
Future salary increases	6.0	6.0

If the discount rate used for the valuation of the Plan was reduced by 1 percentage point, the DBO would increase by \$6,485,000. A 1 percentage point increase in the future salaries rate would increase the DBO by \$3,020,000.

In determining the DBO as at 31 December, mortality assumptions are based on published mortality tables.

	Life expectancy of pensioners (years)	
	2015	2014
Male age 60	21.00	21.00
Female age 60	25.10	25.10

If the life expectancy of a member currently age 60 was increased by one year, with consistent changes for members at other ages, the DBO in respect of the Plan would increase by \$436,000.

Notes to the Financial Statements continued**15 Net retirement benefit deficit** continued

As at 31 December, the fair value of plan assets was as follows:

	2015 \$ 000	2014 \$ 000
Equities	6,291	6,571
Corporate bonds	14,315	13,667
Money market funds and cash	3,793	2,277
	<u>24,399</u>	<u>22,515</u>

16 Provisions for other liabilities and charges

	Decomm- issioning costs \$000
At 1 January 2015	278,401
Decrease in provision estimate	(19,080)
Unwinding of discount	8,211
At 31 December 2015	<u>267,532</u>

Decommissioning costs

The estimated cost of decommissioning at the end of the producing lives of fields is reviewed at least annually and engineering estimates and reports are updated periodically. Provision is made for the estimated cost of decommissioning at the balance sheet date, to the extent that current circumstances indicate that the Company will ultimately bear this cost. The payment dates of expected future decommissioning costs are uncertain and are based on economic assumptions surrounding the useful economic lives of the fields concerned. Useful economic lives are affected by the estimation of hydrocarbon reserves and resources, which is in turn impacted by available reservoir data, commodity prices and future costs. Payments are currently anticipated to be between 2023 and 2032.

17 Called up share capital**Allotted and fully paid:**

	No.	2015 \$	No.	2014 \$
Ordinary shares of £1 each	<u>3</u>	<u>5</u>	<u>3</u>	<u>5</u>

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

Notes to the Financial Statements continued

18 Commitments and contingencies

As at 31 December 2015, the Company had placed contracts for capital expenditure amounting to \$12,890,000 (2014: \$16,290,000).

As at 31 December 2015, the Company was committed to making the following future minimum lease payments under non-cancellable operating leases:

	2015	2014
	\$000	\$000
Within one year	10,471	11,071
Between one and five years	16,558	17,978
After five years	13,727	15,509
	<u>40,756</u>	<u>44,558</u>

19 Post balance sheet events

Shell combination

On 8 April 2015, the Boards of Shell and BG Group plc announced that they had reached agreement on the terms of a recommended cash and share offer to be made by Shell for the entire issued and to be issued share capital of BG Group plc to be effected by way of a Scheme of Arrangement under Part 26 of the Companies Act 2006. On 27 January 2016, Shell shareholders voted to approve the Combination and on 28 January 2016, BG Group plc shareholders voted to approve the Scheme at a court-convened meeting and to approve a special resolution to implement the Scheme, including amendments to the BG Group plc articles, at a general meeting of BG Group plc. Following a court hearing on 11 February 2016, the Scheme became effective on 15 February 2016.

On 30 March 2016, BG Group plc re-registered as a private limited company, BG Group Limited.

20 Related parties

In the normal course of business the Company provided goods and services to Atlantic 2/3 Company Limited and Point Fortin LNG Exports Limited, associates of BG Group.

During the year the Company received income totalling \$59,313,000 (2014: \$104,788,000) from these parties. As at 31 December 2015, a receivable balance of \$8,264,000 (2014: \$18,875,000) was outstanding with these parties.

Notes to the Financial Statements continued

21 Transition to FRS 101

For all periods up to and including the year-ended 31 December 2014, the Company prepared its Financial Statements in accordance with previously extant UK Generally Accepted Accounting Practice (UK GAAP). These Financial Statements, for the year ended 31 December 2015, are the first the Company has prepared in accordance with FRS 101, 'Reduced disclosure framework'.

In preparing these financial statements, the Company has started from an opening balance sheet as at 1 January 2014, the Company's date of transition to FRS 101, and made those changes in accounting policies required for the first-time adoption of FRS 101. The Company has applied the following exemptions from retrospective application of IFRSs as permitted by IFRS 1, 'First time adoption of International Financial Reporting Standards':

- Investments in subsidiaries are recognised at deemed cost at the transition date, being the previous UK GAAP carrying amount at that date.
- Cumulative actuarial gains and losses on pensions and other post employment benefits are recognised in full in equity on the date of transition to IFRS. This is the same treatment as under previous UK GAAP.

No restatements of the opening balance sheet as at 1 January 2014, the comparative balance sheet as at 31 December 2014, the income statement for the year-ended 31 December 2014 or other comprehensive income for the year ended 31 December 2014 were required on adoption of FRS 101.