

**BG GROUP EMPLOYEE SHARES TRUSTEES
LIMITED**

**REPORT AND ACCOUNTS
FOR THE YEAR ENDED
31 DECEMBER 2001**

REGISTERED NO. 3167150



BG Group Employee Shares Trustees Limited
Report and Accounts for the year ended 31 December 2001

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Directors' report for the year ended 31 December 2001

The Directors submit their report and the audited financial statements for the year ended 31 December 2001.

Principal activities

The principal activity of the Company is to act as the trustee of 'The BG Group Employee Profit Sharing Scheme' (the Scheme); an Inland Revenue approved employee share scheme established for the benefit of employees of participating subsidiary undertakings of BG Group plc in accordance with the terms of the Trust Deed and Rules dated 13 March 2000.

Results and dividend

The Company has no income other than amounts paid to it by the participating companies which are to be applied in the subscription for, or purchase of, shares to be held on trust for the benefit of participants under the provisions of the Trust Deed and Rules dated 13 March 2000. Additionally, each participating company covenants to pay all of the costs and expenses incurred by the trustees in the establishment, operation and determination of the Scheme. Accordingly, no profit and loss account has been prepared.

The directors do not propose to declare a dividend for the year ended 31 December 2001 (2000: £Nil).

Business review and future developments

The Company holds shares as Trustee for employees of participating companies, which were appropriated in April 2000 under the Scheme. The number of participants in the Scheme and the number of ordinary shares of BG Group plc and Lattice Group plc held by the Company as trustee on behalf of the participants, is as follows:

	31 December 2001	31 December 2000
Number of participants	33,824	16,941
Number of ordinary shares – BG Group plc	20,986,006	10,824,320
Number of ordinary shares – Lattice Group plc (i)	10,810,719	10,823,809

i) At an EGM held on 16 October 2000, the shareholders of BG Group plc approved the demerger of certain businesses to Lattice effective on 23 October 2000. Under the terms of the Demerger shareholders became entitled to one Lattice Group plc ordinary share for each BG Group plc ordinary share held at Demerger Record Time. The shares held by the Company in trust include a proportion of ordinary shares of both BG Group plc and Lattice Group plc beneficially owned by Lattice Group employees.

Directors

The following served as Directors during the year:

P G Duffy (Chairman)	(appointed 13 March 2001)
T R Sach	(appointed 19 July 2001)
M J Lockwood	(resigned 29 June 2001)
C E Chamberlain	(appointed 3 February 2000, resigned 13 March 2001)

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Directors' report (continued)

Company secretaries

C S Inman	(appointed 20 December 2001)
J E H Griffin	(appointed 7 September 2001, resigned 20 December 2001)
U Markham	(resigned 7 September 2001)

Directors' interests

At no time did any Director, still holding office at 31 December 2001, have any beneficial interest in the shares of the Company or any other company within the BG Group plc except for interests in the shares of the parent company, BG Group plc, as stated below:

Beneficial holdings

	As at date of appointment ordinary shares	As at 31 Dec 2001 ordinary shares
P G Duffy	Nil	276
T R Sach	12,390	15,063

Savings Related Share Option Scheme

	As at date of appointment	Granted	Exercised	31 Dec 2001
P G Duffy	Nil	4,286	-	4,286
T R Sach	5,485	-		5,485

New Long Term Incentive Scheme Notional Allocations

	As at date of appointment	Number of shares Transferred	Allocated	31 Dec 2001
P G Duffy	26,851		58,960	85,811
T R Sach	7,485			7,485

Company Share Option Scheme

	Opening balance on appointment	Granted	Exercised	As at 31 Dec 2001
P G Duffy	43,972	97,526	-	141,498
T R Sach	13,035	18,022	-	31,057

Each share option is over one ordinary share.

Full details of all employee share schemes can be found in the BG Group plc Annual Report and Accounts 2001.

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Directors' report (continued)


Directors' insurance

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

Auditors

PricewaterhouseCoopers have expressed their willingness to be re-appointed as auditors of the Company and a resolution to reappoint PricewaterhouseCoopers will be proposed at the forthcoming Annual General Meeting.

By order of the Board



C S Inman
Company Secretary

Date: *29th October 2002*

Registered Office:

100 Thames Valley Park Drive
Reading
Berkshire
RG6 1PT

Registered in England
No. 3167150

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Directors' responsibilities

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss for the financial year.

The directors consider that in preparing the financial statements on pages 7 to 9 the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates and that all accounting standards which they consider to be applicable have been followed and that the financial statements have been prepared on the going concern basis.

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 1985.

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.

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Independent auditors' report to the members of BG Group Employee Shares Trustees Limited

We have audited the financial statements on pages 7 to 9.

Respective responsibilities of Directors and auditors

The Director's responsibilities for preparing the Annual Report and Accounts in accordance with applicable United Kingdom law and accounting standards are set out in the statement of Directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and Accounts and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Directors' report.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board in the UK. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 December 2001 and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
1 Embankment Place
London WC2N 6RH

Date *29 October* 2002

BG Group Employee Shares Trustees Limited
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Balance sheet as at 31 December 2001

	Notes	2001 £	2000 £
Current assets			
Debtors	4	27,789	2,138
		<u>27,789</u>	<u>2,138</u>
Creditors (amounts falling due within one year)	5	(27,788)	(2,137)
Net Assets		<u>1</u>	<u>1</u>
Capital and reserves			
Called up share capital	6	1	1
Equity Shareholders' funds		<u>1</u>	<u>1</u>

The financial statements on pages 7 to 9 were approved by the Board of Directors and signed on its behalf by:



Director

Date 29/10/02

The accompanying notes on pages 8 to 9 form part of these accounts.

BG Group Employee Shares Trustees Limited
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Notes to the financial statements

1. Accounting policies

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention. Financial Reporting Standard (FRS) 18 'Accounting Policies' has been adopted in the current year but this did not require any change in accounting policy.

2. Profit and loss Account

The Company has no income and under the provisions of the Trust Deed and Rules dated 13 March 2000 all costs and expenses of the trustees (including the audit fee) are met by each of the participating companies.

3. Directors' emoluments

The Company has no employees. The Directors received no emoluments in respect of their services to the Company during the year.

4. Debtors

	2001 £	2000 £
Amounts falling due within one year		
Amount owed by BG Group plc	10,704	-
Amount owed by other group undertakings	1	1
Accrued proceeds from the sale of shares authorised by participants	17,084	2,137
	<u>27,789</u>	<u>2,138</u>

5. Creditors (amounts falling due within one year)

	2001 £	2000 £
Amounts due to participants leaving the scheme	-	1,918
Unclaimed dividends owed to participants	10,704	-
Income tax collected from participants leaving the scheme	17,084	219
	<u>27,788</u>	<u>2,137</u>

6. Called up share capital

	2001 £	2000 £
Ordinary shares of £1 each		
Authorised - 100 ordinary shares	100	100
Allotted, issued and fully paid - 1 ordinary share	<u>1</u>	<u>1</u>

7. Reconciliation of movements in shareholders' funds

There were no movements in shareholders' funds during the financial year (2000: £Nil).

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Notes to the financial statements (continued)

8. Related parties

As the Company is a wholly owned subsidiary of BG Group plc, advantage has been taken of the exemption afforded by Financial Reporting Standard No. 8, Related Party Transactions, not to disclose any related party transactions with BG Group plc or subsidiary and associated undertakings and joint ventures of BG Group plc.

9. Cash flow statement

The Company is a wholly owned subsidiary undertaking of BG Energy Holdings Limited, which is a wholly owned subsidiary undertaking of BG Group plc. The cash flows of the Company are included in the consolidated group cash flow statement of both BG Energy Holdings Limited and BG Group plc. Consequently the Company is exempt under the terms of FRS 1 (revised) from publishing a cash flow statement.

10. Ultimate parent company

The Company's immediate parent company is BG Energy Holdings Limited and the ultimate parent company and controlling party is BG Group plc. BG Group plc and BG Energy Holdings Limited are the only companies to consolidate the accounts of the Company. Copies of these consolidated accounts may be obtained from the Company Secretary, BG Group plc, 100 Thames Valley Park Drive, Reading, RG6 1PT.

BG Group plc and BG Energy Holdings Limited are registered in England.