

Registration number: 00260320

# Shell-Mex and B.P. Limited

Annual Report

and

Financial Statements

For the year ended 31 December 2017

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**Shell-Mex and B.P. Limited**

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## **Shell-Mex and B.P. Limited**

### **Strategic report for the year ended 31 December 2017**

The Directors present their strategic report on Shell-Mex and B.P. Limited (also referred to as the "Company") for the year ended 31 December 2017.

The Company is jointly controlled by the Shell Group and BP Oil UK Limited. Consequently, neither party is regarded as the controlling party. The Shell Group holds 60% of the issued share capital and is the operator of the Company and BP Oil UK Limited holds 40% of the issued share capital of the Company. In this context the term "Shell Group" and "Companies of the Shell Group or Group Companies" means companies in which Royal Dutch Shell plc, either directly or indirectly, has control either through a majority of the voting rights or the right to exercise a controlling influence or to obtain the majority of the benefits and be exposed to the majority of the risks.

#### **Business review**

The Company had no operations during the year.

The Company's loss for the financial year was £4,643 (2016: £6,541). This was due to tax on imputed interest. The Company has not carried out any business activity during the year.

The Directors consider that the year end financial position of the Company was satisfactory.

#### **Principal risks and uncertainties**

The Shell Group has a single risk based control framework - The Shell Control Framework - to identify and manage risks. The Shell Control Framework applies to all wholly owned Shell companies and to those ventures and other companies in which Royal Dutch Shell has directly or indirectly a controlling interest. From the perspective of the Company, the principal risks and uncertainties affecting the Company are considered to be those that affect the Shell Group. Accordingly, the principal risks and uncertainties of the Shell Group, which are discussed on pages 12 to 16 of Royal Dutch Shell's Annual Report and Form 20-F for the year ended 31 December 2017 (the "Group Report"), include those of the Company. (The Group Report does not form part of this report).

**Shell-Mex and B.P. Limited**

**Strategic report for the year ended 31 December 2017 (continued)**

**Key Performance Indicators**

Companies of the Shell Group comprise the Upstream businesses of Exploration and Production, Integrated Gas and Oil Sands and the Downstream businesses of Oil Products and Chemicals. The Company's key performance indicators, that give an understanding of the development, performance and position of the business, are aligned with those of the Shell Group. The development, performance and position of the various businesses is discussed on pages 24 to 53 of the Group Report and the key performance indicators through which the Group's performance is measured are as set out on pages 22 to 23 of the Group Report.

Approved by the Board on 24 September 2018 and signed on its behalf by:

*C Bushay*

.....  
C. Bushay  
Authorised signatory for  
Shell Corporate Secretary Limited  
Company secretary

## **Shell-Mex and B.P. Limited**

### **Directors' report for the year ended 31 December 2017**

The Directors present their report and the financial statements for the year ended 31 December 2017.

The Directors' report and audited accounts of the Company have been prepared in accordance with the Companies Act 2006.

#### **Dividends**

No dividends were paid during the year (2016: £nil).

#### **Future Outlook**

The Company is not expected to trade in the near future and there are no immediate plans to liquidate the Company. The Directors believe that the balances held will be realised at their reported carrying value in the normal course of business and so the accounts continue to be prepared on a going concern basis.

#### **Directors of the company**

The Directors, who held office during the year, and to the date of this report were as follows:

M J Ashworth

M J Coates (resigned 3 July 2017)

S J Judd (appointed 7 September 2017)

P J Mather

D A Rider

#### **Financial risk management**

The Company's Directors are required to follow the requirements of Shell Group risk management policies, which include specific guidelines on the management of market, credit and liquidity risk, and advice on the use of financial instruments to manage them. Shell Group risk management policies can be found in the Group Report (see pages 82 to 83 and note 19).

## **Shell-Mex and B.P. Limited**

### **Directors' report for the year ended 31 December 2017 (continued)**

#### **Statement of Directors' responsibilities**

The Directors acknowledge their responsibilities in preparing the Strategic Report, Directors' Report and the Company's accounts 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

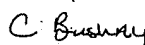
- Select suitable accounting policies and apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards has been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Disclosure of information to the auditor**

Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Approved by the Board on 24 September 2018 and signed on its behalf by:

  
.....  
C. Bushay  
Authorised signatory for  
Shell Corporate Secretary Limited  
Company secretary

## **Independent Auditor's Report to the Members of Shell-Mex and B.P. Limited**

### **Opinion**

We have audited the financial statements of Shell-Mex and B.P. Limited (the "Company") for the year ended 31 December 2017, which comprise the Profit and loss account, Balance sheet, Statement of changes in equity, and the related notes 1 to 9, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **Independent Auditor's Report to the Members of Shell-Mex and B.P. Limited (continued)**

### **Other information**

The other information comprises the information included in the annual report set out on pages 1 to 4, other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters 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
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and the Directors' report.

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.

## **Independent Auditor's Report to the Members of Shell-Mex and B.P. Limited (continued)**

### **Responsibilities of Directors**

As explained more fully in the Statement of Directors' responsibilities set out on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

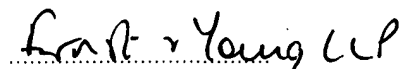
### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

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.

  
William Testa (Senior Statutory Auditor)  
For and on behalf of Ernst & Young LLP, Statutory Auditor  
London

Date: 25 September 2018

**Shell-Mex and B.P. Limited**

**Profit and loss account for the year ended 31 December 2017**

**Continuing operations**

	Note	2017 £	2016 £
<b>OPERATING RESULT</b>	3	-	-
<b>RESULT BEFORE INTEREST AND TAXATION</b>		-	-
<b>RESULT BEFORE TAXATION</b>		-	-
Tax on result	4	(4,643)	(6,541)
<b>LOSS FOR THE YEAR</b>		<u>(4,643)</u>	<u>(6,541)</u>

The loss for the current year and for the prior year are equal to the total comprehensive income and accordingly a statement of comprehensive income has not been presented.

**Shell-Mex and B.P. Limited**

**(Registration number: 00260320)**  
**Balance sheet as at 31 December 2017**

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Investments	5	<u>200</u>	<u>200</u>
		<u><b>200</b></u>	<u><b>200</b></u>
<b>Current assets</b>			
Debtors	6	<u>13,419,829</u>	<u>13,419,829</u>
		13,419,829	13,419,829
<b>Creditors: Amounts falling due within one year</b>	7	<u>(19,648)</u>	<u>(15,005)</u>
<b>Net current assets</b>		<u><b>13,400,181</b></u>	<u><b>13,404,824</b></u>
<b>Total assets less current liabilities</b>		<u><b>13,400,381</b></u>	<u><b>13,405,024</b></u>
<b>Net assets</b>		<u><b>13,400,381</b></u>	<u><b>13,405,024</b></u>
<b>Equity</b>			
Called up share capital	8	12,500,006	12,500,006
Profit and loss account		<u>900,375</u>	<u>905,018</u>
<b>Total equity</b>		<u><b>13,400,381</b></u>	<u><b>13,405,024</b></u>

The accounts on pages 8 to 18 were authorised for issue by the Board of Directors on 24 September 2018 and signed on its behalf by:

 .....

M J Ashworth  
 Director

**Shell-Mex and B.P. Limited**

**Statement of changes in equity for the year ended 31 December 2017**

	Called up share capital £	Profit and loss account £	Total £
<b>Balance as at 01 January 2016</b>	<b>12,500,006</b>	<b>911,559</b>	<b>13,411,565</b>
Loss for the year	-	(6,541)	(6,541)
<b>Balance as at 31 December 2016</b>	<b><u>12,500,006</u></b>	<b><u>905,018</u></b>	<b><u>13,405,024</u></b>
<b>Balance as at 01 January 2017</b>	<b>12,500,006</b>	<b>905,018</b>	<b>13,405,024</b>
Loss for the year	-	(4,643)	(4,643)
<b>Balance as at 31 December 2017</b>	<b><u>12,500,006</u></b>	<b><u>900,375</u></b>	<b><u>13,400,381</u></b>

## **Shell-Mex and B.P. Limited**

### **Notes to the financial statements for the year ended 31 December 2017**

#### **General information**

The Company is a private company limited by share capital incorporated in England and Wales.

The address of its registered office is: Shell Centre, London, SE1 7NA, United Kingdom.

#### **1 Accounting policies**

##### **Basis of preparation**

In accordance with the transition provision of FRS 102 for dormant companies, the Company has elected to retain its existing UK GAAP accounting policies for reported assets, liabilities and equity at the date of transition to FRS 102 until there is a change to such balances or the Company enters into new transactions.

These accounts have been prepared on the going concern basis and in accordance with applicable laws and accounting standards in the United Kingdom, using historical cost principles

The financial statements have been prepared in accordance with Financial Reporting Standard 102. The financial statements have been prepared under the historical cost convention, except for certain items measured at fair value, and in accordance with the Companies Act 2006.

The accounting policies have been consistently applied.

##### **Consolidation**

The 'A' ordinary shares are held by The Shell Petroleum Company Limited (5,000,003 shares) and The Anglo-Saxon Petroleum Company Limited (2,500,000 shares) a wholly owned subsidiary of The Shell Petroleum Company Limited. Both these companies are members of the Shell Group of Companies. All the 'B' ordinary shares are held by BP Oil UK Limited, a company of the BP plc group.

The Company is jointly controlled by the Shell Group and BP Oil UK Limited. Consequently, neither party is regarded as the controlling party. The Shell Group holds 60% and is the operator of the Company and BP Oil UK Limited holds 40% of the total share capital of the company.

The Company has not prepared consolidated accounts on the basis that SM Realisations Limited, the 100% wholly owned subsidiary, had no transactions in the year and there are insignificant balances held within the entity, and therefore there are no material transactions or balances which would require consolidation.

## **Shell-Mex and B.P. Limited**

### **Notes to the financial statements for the year ended 31 December 2017 (continued)**

#### **1 Accounting policies (continued)**

##### **Taxation**

Tax is recognised in profit or loss, except that tax attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income or directly in equity.

##### ***Current tax***

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date for tax payable to HM Revenue and Customs, or for group relief to surrender to or to be received from other Group undertakings, and for which payment may be requested.

##### **Financial assets**

The Company classifies its financial assets in the following categories as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

##### ***Loans and trade and other receivables***

Loans and trade and other receivables are initially recognised at fair value based on the amounts exchanged and are subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment.

##### **Financial liabilities**

The Company classifies its financial liabilities in the following categories at amortised cost. The classification depends on the nature of the underlying liabilities, with management determining the classification of financial liabilities at initial recognition.

##### ***Recognition and measurement***

Financial liabilities are initially recognised at fair value, and then subsequently at amortised cost using the effective interest rate method

## **Shell-Mex and B.P. Limited**

### **Notes to the financial statements for the year ended 31 December 2017 (continued)**

#### **1 Accounting policies (continued)**

##### **Investment in subsidiaries and participating undertakings**

These comprise investments in shares and loans that the Company intends to hold on a continuing basis. The investments in subsidiaries and participating undertakings are stated at cost, less provisions for impairment. The Company carries out a review for the potential impairment of an investment if events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. Any impairments are recorded in the profit and loss account.

If, after an impairment loss has been recognised, the recoverable amount of a fixed asset increases because of a change in economic conditions or in the expected use of the asset, the resulting reversal of the impairment loss is recognised in the current year to the extent that it increases the carrying amount of the fixed asset up to the amount it would have been had the original impairment not occurred.

##### **Netting off policy**

Balances with other companies of the Shell Group are stated gross, unless both of the following conditions are met:

- Currently there is a legally enforceable right to set off the recognised amounts; and
- There is intent either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### **2 Critical accounting judgements and key sources of estimation uncertainty**

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

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

## **Shell-Mex and B.P. Limited**

### **Notes to the financial statements for the year ended 31 December 2017 (continued)**

#### **2 Critical accounting judgements and key sources of estimation uncertainty (continued)**

##### **Impairment of investments**

For the purposes of determining whether impairment of investments has occurred, and the extent of any impairment or its reversal, management review a range of measures relating to the underlying entity's performance, including the net present value of future cash flows. In assessing these measures, management make a number of assumptions relating (but not restricted) to future oil and gas prices, expected production volumes and refining margins appropriate to the local circumstances and environment. These assumptions and the judgements of management that are based on them are subject to change as new information becomes available. Changes in economic conditions can also affect the rate used to discount future cash flow estimates.

##### **Impairment of trade debtors**

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including: the credit rating of the debtor; the ageing profile of debtors; and historical experience. See Note 6 for the net carrying amount of the debtors and associated impairment provision.

#### **3 Operating result**

The Company has not traded during the year and has neither received any income nor incurred any expenditure resulting in no profit or loss for the year. The Company had no other recognised gains or losses.

The Company had no employees during 2017 (2016: none).

None of the Directors received any emoluments (2016: none) in respect of their services to the Company.

The Auditor's remuneration in respect of statutory audit was borne by a member of the Shell Group for both the current and preceding years.

No amounts were paid to Ernst & Young LLP for non-audit services.

## Shell-Mex and B.P. Limited

### Notes to the financial statements for the year ended 31 December 2017 (continued)

#### 4 Tax on result

##### Tax charge in the profit and loss account

The tax charge for the year of £4,643 (2016: £6,541) is made up as follows:

	2017 £	2016 £
<b>Current taxation</b>		
UK corporation tax	4,643	6,541
<b>Total current tax charge</b>	<u>4,643</u>	<u>6,541</u>
<b>Tax charge in the profit and loss account</b>	<u>4,643</u>	<u>6,541</u>

##### Reconciliation of total tax charge

The tax on result before tax for the year differs from the standard rate of corporation tax in the UK of 19.25% (2016 - 20.0%).

The differences are reconciled below:

	2017 £	2016 £
Tax on result calculated at standard rate (2017- 19.25%) (2016- 20.00%)	-	-
<b>Effects of:</b>		
Tax on imputed interest	4,643	6,541
<b>Total tax charge</b>	<u>4,643</u>	<u>6,541</u>

UK Finance Act (No 2) Act 2015 which introduced reductions in the UK corporation tax rate to 19% effective from 1 April 2017 and to 18% effective from 1 April 2020 was enacted on 15 November 2015.

UK Finance Act 2016 which introduced further reductions in the UK corporation tax rate to 17% effective 1 April 2020 was enacted on 15 September 2016.

# Shell-Mex and B.P. Limited

## Notes to the financial statements for the year ended 31 December 2017 (continued)

### 5 Investments

	Subsidiary undertakings shares £	Total £
<b>Cost</b>		
Balance at 1 January 2017	200	200
<b>Balance at 31 December 2017</b>	<b>200</b>	<b>200</b>
<b>Amounts provided</b>		
<b>Balance at 31 December 2017</b>	<b>-</b>	<b>-</b>
<b>Carrying amount</b>		
<b>At 31 December 2017</b>	<b>200</b>	<b>200</b>
<b>At 31 December 2016</b>	<b>200</b>	<b>200</b>

Details of the subsidiaries as at 31 December 2017 are as follows:

Name of subsidiary	Registered office and County of incorporation	% of ownership
*SM Realisations Limited	Shell Centre, London, SE1 7NA  England and Wales	100%

\*In members' voluntary liquidation.

# **Shell-Mex and B.P. Limited**

## **Notes to the financial statements for the year ended 31 December 2017 (continued)**

### **6 Debtors**

#### **Debtors: amounts due within one year**

	2017 £	2016 £
Amounts owed by Group undertakings:		
Parent undertakings	13,419,829	13,419,829
	<u>13,419,829</u>	<u>13,419,829</u>

Amounts owed by Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

### **7 Creditors: amounts falling due within one year**

	2017 £	2016 £
Amounts owed to Group undertakings		
Subsidiary undertakings	200	200
Tax liability	19,448	14,805
	<u>19,648</u>	<u>15,005</u>

Amounts owed to Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

### **8 Called up share capital**

#### **Allotted, called up and fully paid shares**

	No.	2017 £	No.	2016 £
'A' ordinary shares of £1 each	7,500,003	7,500,003	7,500,003	7,500,003
'B' ordinary shares of £1 each	5,000,003	5,000,003	5,000,003	5,000,003
	<u>12,500,006</u>	<u>12,500,006</u>	<u>12,500,006</u>	<u>12,500,006</u>

## Shell-Mex and B.P. Limited

### Notes to the financial statements for the year ended 31 December 2017 (continued)

#### 9 Related party transactions

During the year, the Company had no transactions (2016: £nil) with related parties.

As at 31 December 2017, the outstanding amounts owed by related parties comprises of:

	Receivable balance	
	as at	
Joint venture group undertakings:	2017	2016
	£	£
Shell U.K. Limited	8,059,755	8,059,755
BP Oil UK Limited	5,360,074	5,360,074