

Registration number: 02059279

# BG UK Holdings Limited

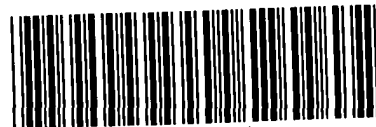
Annual Report

and

Financial Statements

For the year ended 31 December 2019

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## **BG UK Holdings Limited**

### **Contents**

Strategic report	1 to 2
Directors' report	3 to 4
Independent Auditor's report	5 to 7
Profit and loss account	8
Balance sheet	9
Statement of changes in equity	10
Notes to the financial statements	11 to 24

## **BG UK Holdings Limited**

### **Strategic report for the year ended 31 December 2019**

The Directors present their strategic report on BG UK Holdings Limited (also referred to as the "Company") for the year ended 31 December 2019.

The Company is one of the entities within the "Shell Group". In this context the term "Shell Group" and "Companies of the Shell Group" or "Group companies" means companies where Royal Dutch Shell plc, either directly or indirectly, is exposed to, or has rights to, variable returns from its involvement with the Company and has the ability to affect those returns through its power over the Company. Companies in which Group companies have significant influence but not control are classified as "Associated companies". Royal Dutch Shell plc, a company incorporated in England and Wales, is known as the "Parent Company" of the Shell Group. In this Report "Shell", "Shell Group" and "Royal Dutch Shell" are sometimes used for convenience where references are made to Royal Dutch Shell and its subsidiaries in general. These expressions are also used where no useful purpose is served by identifying the particular company or companies.

#### **Business review**

BG UK Holdings Limited is a wholly owned subsidiary of BG Energy Holdings Limited. The Company acts as a holding company.

The Company's profit for the financial year was \$4,989,126,000, compared to a profit of \$3,375,000 in 2018. This was principally due to a dividend received in current year of \$5,000,000,000 (2018: \$nil).

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 27 to 36 of Royal Dutch Shell's Annual Report for the year ended 31 December 2019 (the "Group Report"), include those of the Company. The Group Report does not form part of this report.

#### **Key Performance Indicators**

Companies of the Shell Group comprise the Upstream businesses of Exploration and Production, Integrated Gas 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 45 to 79 of the Group Report and the key performance indicators through which the Group's performance is measured are as set out on pages 42 to 44 of the Group Report.

## BG UK Holdings Limited

### Strategic report for the year ended 31 December 2019 (continued)

#### Human Rights


Respect for human rights is embedded in the Shell Group's Business Principles and Code of Conduct. This approach is informed by the Universal Declaration of Human Rights, the core conventions of the International Labour Organization and the United Nations' Guiding Principles on Business and Human Rights.

The Shell Group works closely with other companies and non-governmental organisations to continuously improve the way it applies these principles, with a focus on four key areas: communities, security, labour rights, and supply chain. The Shell Group has systems and processes in place for managing projects, contracting and procurement, recruitment and employment, security and social performance and requires all Group companies and contractors to respect the human rights of their workforce and neighbouring communities.

The Shell Group's Modern Slavery Statement provides more details about the process applied. It can be found at [www.shell.com/uk-modern-slavery-act.html](http://www.shell.com/uk-modern-slavery-act.html).

23 July 2020

Approved by the Board on ..... and signed on its behalf by:

DocuSigned by:  
  
.....023A9B18A86A4AE.....  
G.Thomson  
Authorised signatory for  
Shell Corporate Secretary Limited  
Company secretary

## **BG UK Holdings Limited**

### **Directors' report for the year ended 31 December 2019**

The Directors present their report and the financial statements for the year ended 31 December 2019.

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

#### **Dividend**

The Company paid a dividend of \$4,000,000,000 during the year (2018: \$Nil).

#### **Future Outlook**

No significant change in the business of the Company or of its subsidiary undertakings has taken place during the year or is expected in the immediately foreseeable future.

#### **Directors of the Company**

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

G J Archibald

G S H Lim

L J Ritchie

#### **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 168 to 170 and note 19).

#### **Events after the end of the reporting period**

After the balance sheet date, we have seen macro-economic uncertainty with regards to prices and demand for oil, gas and products as a result of the COVID-19 (coronavirus) outbreak. Furthermore, recent global developments and uncertainty in oil supply in 2020 have caused further abnormally large volatility in financial markets. The scale and duration of these developments remain uncertain but could impact our earnings, cash flow and financial condition. These developments are not expected to materially impact the recoverability of receivables from other group companies.

## BG UK Holdings Limited

### Directors' report for the year ended 31 December 2019 (continued)

#### Statement of Directors' responsibilities

The Directors acknowledge their responsibilities for preparing the Strategic report, Directors' report and the Company's financial statements in accordance with applicable laws 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), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). 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 United Kingdom Accounting Standards have 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.

23 July 2020

Approved by the Board on ..... and signed on its behalf by:

DocuSigned by:

Gary Thomson

.....023A9B18A86A4AE.....

G.Thomson

Authorised signatory for  
Shell Corporate Secretary Limited  
Company secretary

## **Independent Auditor's report to the Member of BG UK Holdings Limited**

### **Opinion**

We have audited the financial statements of BG UK Holdings Limited (the "Company") for the year ended 31 December 2019, which comprise the Profit and loss account, Balance sheet, Statement of changes in equity, and the related notes 1 to 14, 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 101 "Reduced Disclosure Framework" (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 2019 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.

### **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.

### **Emphasis of matter**

We draw attention to Note 13 of the financial statements, which describes the economic and social disruption the Company is facing as a result of COVID-19 which is impacting financial markets. Our opinion is not modified in respect of this matter.

### **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 Member of BG UK Holdings 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 auditor's 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 Member of BG UK Holdings 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.

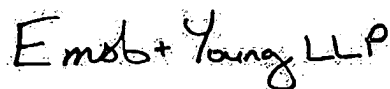
### **Auditor's responsibilities for the audit of the financial statements**

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 member, 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 member 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 member as a body, for our audit work, for this report, or for the opinions we have formed.



.....  
Neil Warnock (Senior Statutory Auditor)  
For and on behalf of Ernst & Young LLP, Statutory Auditor  
Belfast

24 July 2020  
Date:.....

# BG UK Holdings Limited

## Profit and loss account for the year ended 31 December 2019

### Continuing operations

	Note	2019 \$ 000	2018 \$ 000
Administrative expenses		-	(52)
<b>OPERATING RESULT/(LOSS)</b>	5	-	(52)
Income from shares in subsidiary undertakings		5,000,000	-
<b>PROFIT/(LOSS) BEFORE INTEREST AND TAXATION</b>		<b>5,000,000</b>	<b>(52)</b>
Interest receivable and similar income	3	74	-
Interest payable and similar charges	4	(8,459)	(23,394)
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		<b>4,991,615</b>	<b>(23,446)</b>
Tax on profit/(loss)	7	(2,489)	26,821
<b>PROFIT FOR THE YEAR</b>		<b>4,989,126</b>	<b>3,375</b>

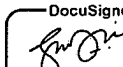
The profit for the current year and for the prior year are equal to the total comprehensive income and accordingly a statement of comprehensive income has not been presented.

# BG UK Holdings Limited

(Registration number: 02059279)  
Balance sheet as at 31 December 2019

	Note	2019 \$ 000	2018 \$ 000
<b>Fixed assets</b>			
Investments	8	<u>8,589,778</u>	<u>8,589,778</u>
		<b>8,589,778</b>	<b>8,589,778</b>
<b>Current assets</b>			
Debtors	9	<u>413,808</u>	<u>387,016</u>
		413,808	387,016
<b>Creditors: Amounts falling due within one year</b>	10	<u>-</u>	<u>(962,334)</u>
<b>Net current assets/(liabilities)</b>		<b>413,808</b>	<b>(575,318)</b>
<b>Net assets</b>		<b>9,003,586</b>	<b>8,014,460</b>
<b>Equity</b>			
Called up share capital	11	7,617,289	7,617,289
Share premium reserve		218,652	218,652
Profit and loss account		<u>1,167,645</u>	<u>178,519</u>
<b>Total equity</b>		<b>9,003,586</b>	<b>8,014,460</b>

The financial statements on pages 8 to 24 were authorised for issue by the Board of Directors on 23 July 2020 and signed on its behalf by:

DocuSigned by:  
  
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 G S H Lim  
 Director

# BG UK Holdings Limited

## Statement of changes in equity for the year ended 31 December 2019

	Called up share capital \$ 000	Share premium \$ 000	Profit and loss account \$ 000	Total \$ 000
<b>Balance as at 01 January 2018</b>	<b>7,617,289</b>	<b>218,652</b>	<b>175,144</b>	<b>8,011,085</b>
Profit for the year	-	-	3,375	3,375
<b>Balance as at 31 December 2018</b>	<b>7,617,289</b>	<b>218,652</b>	<b>178,519</b>	<b>8,014,460</b>
<b>Balance as at 01 January 2019</b>	<b>7,617,289</b>	<b>218,652</b>	<b>178,519</b>	<b>8,014,460</b>
Profit for the year	-	-	4,989,126	4,989,126
Dividends paid (refer note 12)	-	-	(4,000,000)	(4,000,000)
<b>Balance as at 31 December 2019</b>	<b>7,617,289</b>	<b>218,652</b>	<b>1,167,645</b>	<b>9,003,586</b>

## **BG UK Holdings Limited**

### **Notes to the financial statements for the year ended 31 December 2019**

#### **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**

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework, which involves the application of International Financial Reporting Standards ("IFRS") with a reduced level of disclosure. 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 principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, except for the adoption of IFRS 16 and IFRIC 23.

##### **Going concern**

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and the financial statements have therefore been prepared under the going concern basis.

##### **New standards applied**

The adoption of IFRS 16 and IFRIC 23 has had no material impact on the Company's retained earnings or balance sheet as at 1 January 2019.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

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

- IFRS 7, 'Financial Instruments: Disclosures';
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of paragraph 79(a)(iv) of IAS 1 'Presentation of financial statements';
- The following paragraphs of IAS 1, 'Presentation of financial statements':

## **BG UK Holdings Limited**

### **Notes to the financial statements for the year ended 31 December 2019 (continued)**

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

- (i) 10(d) (statement of cash flows);
  - (ii) 10(f) (a balance sheet as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements);
  - (iii) 16 (statement of compliance with all IFRS);
  - (iv) 38A (requirement to present a minimum of two statements for each of the primary financial statements, including cash flow statements and related notes);
  - (v) 38B-D (additional comparative information);
  - (vi) 40A-D (requirements for a third balance sheet);
  - (vii) 111 (cash flow statement information); and
  - (viii) 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows';
  - Paragraphs 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
  - Paragraphs 17 and 18A of IAS 24, 'Related party disclosures' (key management compensation);
  - The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more wholly owned members of a group.

#### **Consolidation**

The financial statements contain information about BG UK Holdings Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, Royal Dutch Shell plc, a company incorporated in England and Wales.

The immediate parent company is BG Energy Holdings Limited.

The ultimate parent company and controlling party is Royal Dutch Shell plc, which is the parent undertaking of the smallest and largest group to consolidate these financial statements.

The consolidated financial statements of Royal Dutch Shell plc are available from:

Royal Dutch Shell plc  
Tel: +31 888 800 844  
email: [order@shell.com](mailto:order@shell.com)  
Registered office: Shell Centre, London, SE1 7NA

#### **Income from shares in subsidiary and participating undertakings**

Income from shares in subsidiary and participating undertakings represents dividends relating to the current year, provided that the dividends have been approved by the Company.

#### **Interest payable and similar charges**

Interest payable is recognised on an accrual basis as it is earned or incurred and recorded in the Profit and loss account of the period to which it relates.

## **BG UK Holdings Limited**

### **Notes to the financial statements for the year ended 31 December 2019 (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.

##### **Foreign currency translation**

###### **(i) Functional and presentation currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in \$, which is also the Company's functional currency.

###### **(ii) Transaction and balances**

Income and expense items denominated in foreign currencies are translated into \$ at the rate ruling on their transaction date.

Monetary assets and liabilities recorded in foreign currencies have been expressed in \$ at the rates of exchange ruling at the year end. Differences on translation are included in the profit and loss account. Non-monetary assets and liabilities denominated in a foreign currency are translated using exchange rates at the date of the transaction. No subsequent translations are made once this has occurred.

##### **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. Such impairment reviews are performed in accordance with IAS 36. Any impairments are recorded in the profit and loss account.

If, after an impairment loss has been recognised, the recoverable amount of a investment 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.

## **BG UK Holdings Limited**

### **Notes to the financial statements for the year ended 31 December 2019 (continued)**

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

##### **Financial instruments**

##### **Financial assets**

Financial assets are classified at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The classification of financial assets is determined by the contractual cash flows and where applicable the business model for managing the financial assets.

A financial asset is measured at amortised cost if the objective of the business model is to hold the financial asset in order to collect contractual cash flows and the contractual terms give rise to cash flows that are solely payments of principal and interest. Financial assets at amortised cost are initially recognised at fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently the financial asset is measured using the effective interest method less any impairment. Gains and losses are recognised in profit and loss account when the asset is derecognised, modified or impaired. All equity instruments and other debt instruments are recognised at fair value. For equity instruments, on initial recognition, an irrevocable election (on an instrument-by-instrument basis) can be made to designate these as at FVOCI (without recycling to profit and loss) instead of FVTPL. Dividends received on equity instruments are recognised as other income in profit and loss account when the right of payment has been established, except when the company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income.

##### **Impairment of financial assets**

The impairment requirements for expected credit losses are applied to financial assets measured at amortised cost, financial assets measured at FVOCI and financial guarantees contracts to which IFRS 9 is applied and that are not accounted for at FVTPL and lease debtors under IFRS 15 that give rise to a conditional right to consideration. If the credit risk on the financial asset has increased significantly since initial recognition, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses. In other instances, the loss allowance for the financial asset is measured at an amount equal to the twelve month expected credit losses (ECLs). Changes in loss allowances are recognised in profit and loss account. For trade debtors that do not contain a significant financing component, the simplified approach is applied recognising expected lifetime credit losses from initial recognition.

##### **Financial liabilities**

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL, such as instruments held for trading, or the Company has opted to measure them at FVTPL. Debt and trade creditors are recognised initially at fair value based on amounts exchanged, net of transaction costs, and subsequently at amortised cost. Interest expense on debt is accounted for using the effective interest method and is recognised in profit and loss account.



## **BG UK Holdings Limited**

### **Notes to the financial statements for the year ended 31 December 2019 (continued)**

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

##### **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.

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

Investments are tested for impairment whenever events or changes in circumstances indicate that the carrying amounts for those assets may not be recoverable. 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.

##### **Provision for expected credit losses of trade debtors**

The Company computes probability of default rates for third party trade debtors based on historical loss experience adjusted for current and forward looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. For intra-group trade debtors, the Company uses an internal credit rating to determine the probability of default. Internal credit ratings are based on methodologies adopted by independent credit rating agencies.

## BG UK Holdings Limited

### Notes to the financial statements for the year ended 31 December 2019 (continued)

#### 3 Interest receivable and similar income

	2019 \$ 000	2018 \$ 000
Profit on currency translation	<u>74</u>	<u>-</u>
	<u>74</u>	<u>-</u>

#### 4 Interest payable and similar charges

	2019 \$ 000	2018 \$ 000
Interest payable to Group undertakings:		
Fellow subsidiary undertakings	8,459	19,973
Loss on currency translation	<u>-</u>	<u>3,421</u>
	<u>8,459</u>	<u>23,394</u>

#### 5 Operating loss

The Company had no employees during 2019 (2018: none).

None of the Directors received any emoluments (2018: none) in respect of their services to the Company.

#### 6 Auditor's remuneration

The auditor's remuneration of \$7,260 (2018: \$10,588) in respect of the statutory audit was borne by another Group company for both the current and preceding years.

Fees paid to the Company's auditor and its associates for non-audit services to the Company itself are not disclosed in the individual financial statements of the Company because the Royal Dutch Shell plc consolidated financial statements are required to disclose such fees on a consolidated basis.

## BG UK Holdings Limited

### Notes to the financial statements for the year ended 31 December 2019 (continued)

#### 7 Tax on profit/(loss)

##### Tax charge/(credit) in the profit and loss account

The tax charge for the year of \$2,489,000 (2018: credit of \$26,821,000) is made up as follows:

	2019 \$ 000	2018 \$ 000
<b>Current taxation</b>		
UK corporation tax	2,489	(26,821)
<b>Tax charge/(credit) in the profit and loss account</b>	<u>2,489</u>	<u>(26,821)</u>

##### Reconciliation of total tax charge/(credit)

The tax on profit before tax for the year differs from the standard rate of corporation tax in the UK of 19% (2018: 19%).

The differences are reconciled below:

	2019 \$ 000	2018 \$ 000
(Profit)/loss before tax	(4,991,615)	23,446
Tax on (profit)/loss calculated at standard rate (2019- 19%) (2018- 19%)	948,407	(4,455)
<b>Effects of:</b>		
Income exempt from taxation	(950,000)	(2)
Expenses not deductible	-	12
Currency translation adjustments	2,824	(23,520)
Tax on imputed interest	1,258	1,144
<b>Total tax charge/(credit)</b>	<u>2,489</u>	<u>(26,821)</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.

On 11 March 2020, the UK government announced that the rate applicable from 1 April 2020 would be maintained at 19% and this is substantively enacted on 17 March 2020.

## BG UK Holdings Limited

### Notes to the financial statements for the year ended 31 December 2019 (continued)

#### 8 Investments

	Subsidiary undertakings shares \$ 000
<b>Cost</b>	
Balance at 1 January 2019	8,589,778
<b>Balance at 31 December 2019</b>	<b>8,589,778</b>
<b>Amounts provided</b>	
Balance at 31 December 2019	-
<b>Carrying amount</b>	
At 31 December 2019	8,589,778
At 31 December 2018	8,589,778

The Directors believe that the carrying value of the investments is supported by their underlying net assets.

A list of the Company's subsidiaries as at 31 December 2019 is included in note 14.

#### 9 Debtors

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

	2019 \$ 000	2018 \$ 000
Amounts owed by Group undertakings:		
Parent undertaking	297,589	297,589
Fellow subsidiary undertaking	112,628	-
Tax receivable	3,591	89,427
	<b>413,808</b>	<b>387,016</b>

Amounts owed by Parent undertaking is non-interest bearing, unsecured, repayable on demand and Amounts owed by Fellow subsidiary undertaking is unsecured, repayable on demand with interest rates ranging from 1.32% to 2.19%.

No assets were assessed as credit impaired. The Company has recorded all financial assets at amortised cost.

## BG UK Holdings Limited

### Notes to the financial statements for the year ended 31 December 2019 (continued)

#### 10 Creditors: amounts falling due within one year

	2019 \$ 000	2018 \$ 000
Amounts owed to Group undertakings		
Fellow subsidiary undertakings	-	962,334
	-	<u>962,334</u>

Amounts owed to Group undertakings were unsecured, interest bearing and have been paid.

The Company had recorded all financial liabilities at amortised cost.

#### 11 Called up share capital

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

	No.	2019 \$ 000	No.	2018 \$ 000
Issued ordinary shares of £1 each	<u>6,192,353,359</u>	<u>7,617,289</u>	<u>6,192,353,359</u>	<u>7,617,289</u>

#### 12 Dividends

During the year, the Company paid a dividend of \$4,000,000,000 (2018: \$nil). The Directors recommend that no further dividend be paid for the year ended 31 December 2019 (2018: \$nil).

#### 13 Events after the end of the reporting period

After the balance sheet date, we have seen macro-economic uncertainty with regards to prices and demand for oil, gas and products as a result of the COVID-19 (coronavirus) outbreak. Furthermore, recent global developments and uncertainty in oil supply in 2020 have caused further abnormally large volatility in financial markets. The scale and duration of these developments remain uncertain but could impact our earnings, cash flow and financial condition. These developments are not expected to materially impact the recoverability of receivables from other group companies.

## BG UK Holdings Limited

### Notes to the financial statements for the year ended 31 December 2019 (continued)

#### 14 List of investments

Details of the subsidiaries as at 31 December 2019 are as follows:

<b>Name of subsidiary</b>	<b>Registered office and Country of incorporation</b>	<b>Class of shares</b>	<b>% of ownership</b>
Shell Brasil Petroleo Ltda.*	Av. República do Chile nº 330, Bloco 2, Salas 2001, 2301, 2401, 2501, 3101, 3201, 3301 e 3401, Centro, Rio de Janeiro, 20031-170, Brazil	Ordinary	75%
BJS Oil Operations B.V.*	Carel van Bylandtlaan 30, The Hague, 2596 HR, Netherlands	Ordinary	60%
BJSA Exploration and Production B.V.*	Carel van Bylandtlaan 30, The Hague, 2596 HR, Netherlands	Ordinary	75%
BG Overseas Holdings Limited	Shell Centre, London, SE1 7NA, United Kingdom (UK)	Ordinary	100%
BG Gas Netherlands Holdings B.V.*	Carel van Bylandtlaan 30, The Hague, 2596 HR, Netherlands	Ordinary	100%
BG Gas International Holdings B.V.*	Carel van Bylandtlaan 30, The Hague, 2596 HR, Netherlands	Ordinary	100%
BG Gas Global Holdings B.V.*	Carel van Bylandtlaan 30, The Hague, 2596 HR, Netherlands	Ordinary	100%
BG General Holdings Limited*	Shell Centre, London, SE1 7NA, United Kingdom (UK)	Ordinary	100%
BG Brasilia, LLC*	The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, USA	Ordinary	75%
Shell Energy Merchants Canada Inc.*	400 4th Avenue S.W., Calgary, Alberta, T2P 0J4, Canada	Ordinary	100%

## BG UK Holdings Limited

### Notes to the financial statements for the year ended 31 December 2019 (continued)

#### 14 List of investments (continued)

Name of subsidiary	Registered office and Country of incorporation	Class of shares	% of ownership
Shell Tunisia Upstream Limited*	Shell Centre, London, SE1 7NA, United Kingdom (UK)	Ordinary	100%
Shell Thailand E&P Inc.*	The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, USA	Ordinary	100%
BC 789 Holdings Pty Ltd*	Level 30, 275 George Street, Brisbane, QLD 4000, Australia	Ordinary	100%
BG (Uruguay) S.A.*	La Cumparsita, 1373 4th Floor, Montevideo, 11200, Uruguay	Ordinary	100%
BG Overseas Limited*	Shell Centre, London, SE1 7NA, United Kingdom (UK)	Ordinary	100%
Shell Bolivia Corporation*	Zephyr House, 122 Mary Street, P.O. Box 2570, George Town, Grand Cayman, KY1-1103, Cayman Islands	Ordinary	100%
BG Central Holdings Ltd.*	Mercury Court, Choc Estate, Castries, Saint Lucia	Ordinary	100%
BG Gas International B.V.*	Carel van Bylandtlaan 30, The Hague, 2596 HR, Netherlands	Ordinary	100%
BG Gas Sao Paulo Investments B.V.*	Carel van Bylandtlaan 30, The Hague, 2596 HR, Netherlands	Ordinary	100%
Shell Gas Supply Trinidad Limited*	5 Saint Clair Avenue, Saint Clair, Port of Spain, Trinidad & Tobago	Ordinary	100%
Shell Energy Mexico, S.A. de C.V.*	Avenida Paseo de las Palmas 340 1st floor, Colonia Lomas de Chapultepec, Delegación Miguel Hidalgo, Ciudad de México, 11000, Mexico	Ordinary	100%

## BG UK Holdings Limited

### Notes to the financial statements for the year ended 31 December 2019 (continued)

#### 14 List of investments (continued)

Name of subsidiary	Registered office and Country of incorporation	Class of shares	% of ownership
Shell Solutions Mexico S.A. de C.V.*	Avenida Paseo de las Palmas 340 1st floor, Colonia Lomas de Chapultepec, Delegación Miguel Hidalgo, Ciudad de México, 11000, Mexico	Ordinary	100%
BG Exploration and Production Nigeria Limited*	Freeman House, 21/22 Marina, P.M.B. 2418, Lagos, Nigeria	Ordinary	100%
Shell Hasdrubal Limited*	Shell Centre, London, SE1 7NA, United Kingdom (UK)	Ordinary	100%
BG International Services AB*	Deloitte, P.O. Box 450, Östersund, 831 26, Sweden	Ordinary	100%
BG Italia Power S.r.l.*	Via Tortona 25, Milano, 20144, Italy	Ordinary	100%
BG Karachaganak Trading Limited*	Shell Centre, London, SE1 7NA, United Kingdom (UK)	Ordinary	100%
BG Netherlands*	Shell Centre, London, SE1 7NA, United Kingdom (UK)	Ordinary	100%
BG Petroleo & Gas Brasil Ltda.*	Avenida das Republica do Chile 330, 23° Andar (parte) - Torre 2, Centro, Rio de Janeiro, 20031-170, Brazil	Ordinary	100%
Shell Trinidad Central Block Limited*	5 Saint Clair Avenue, Saint Clair, Port of Spain, Trinidad & Tobago	Ordinary	100%
Shell Tunisia LPG S.A.*	Immeuble Rue du Lac Windermere, Les Berges du Lac, Tunis, 1053, Tunisia	Ordinary	100%
BG Upstream A Nigeria Limited*	Freeman House, 21/22 Marina, P.M.B. 2418, Lagos, Nigeria	Ordinary	100%



## BG UK Holdings Limited

### Notes to the financial statements for the year ended 31 December 2019 (continued)

#### 14 List of investments (continued)

Name of subsidiary	Registered office and Country of incorporation	Class of shares	% of ownership
Brindisi LNG S.r.l.*	Via Tortona 25, Milano, 20144, Italy	Ordinary	100%
Petroleum Resources (Thailand) Pty. Limited*	Level 30, 275 George Street, Brisbane, QLD 4000, Australia	Ordinary	100%
Tunisian Processing S.A.*	Immeuble Rue du Lac Windermere, Les Berges du Lac, Tunis, 1053, Tunisia	Ordinary	100%
Point Fortin LNG Exports Limited*	5 Saint Clair Avenue, Saint Clair, Port of Spain, Trinidad & Tobago	Ordinary	80%
TRINLING Limited*	5 Saint Clair Avenue, Saint Clair, Port of Spain, Trinidad & Tobago	Ordinary	100%
BG Comercio e Importacao Ltda.*	Avenida das Republica do Chile 330, 23° Andar, Torre 2, Centro, Rio de Janeiro, 20031-170, Brazil	Ordinary	100%
BG CPS Pty Limited*	Level 30, 275 George Street, Brisbane, QLD 4000, Australia	Ordinary	100%
BG Gas Brazil E&P 12 B.V.*	Carel van Bylandtlaan 30, The Hague, 2596 HR, Netherlands	Ordinary	100%
BG Gas Supply (UK) Limited	Shell Centre, London, SE1 7NA, United Kingdom (UK)	Ordinary	100%
BG South East Asia Limited*	Shell Centre, London, SE1 7NA, United Kingdom (UK)	Ordinary	100%
BG Iran Limited*	Shell Centre, London, SE1 7NA, United Kingdom (UK)	Ordinary	100%
BG Mauritius LNG Holdings Ltd*	6th Floor, Tower A, 1 Cybercity, Ebene, 72201, Mauritius	Ordinary	100%

## **BG UK Holdings Limited**

### **Notes to the financial statements for the year ended 31 December 2019 (continued)**

#### **14 List of investments (continued)**

<b>Name of subsidiary</b>	<b>Registered office and Country of incorporation</b>	<b>Class of shares</b>	<b>% of ownership</b>
BG LNG Regas India Private Limited*	3-C World Trade Tower, New Barakhamba Lane, New Delhi, 110001, India	Ordinary	100%
Shell Brazil Holding B.V.*	Carel van Bylandtlaan 30, The Hague, 2596 HR, Netherlands	Ordinary	75%

\* indicates indirect investment of the Company.