

Registration number: 03932110

Shell Shared Service Centre - Glasgow Limited

Annual Report

and

Financial Statements

For the year ended 31 December 2018

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Shell Shared Service Centre - Glasgow Limited

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Shell Shared Service Centre - Glasgow Limited

Strategic report for the year ended 31 December 2018

The Directors present their strategic report on Shell Shared Service Centre - Glasgow Limited (also referred to as the "Company") for the year ended 31 December 2018.

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

The principal activity of Shell Shared Service Centre - Glasgow Limited is to provide accounting services to other companies of the Shell Group.

The Company has ceased its operation in 2018. The management does not intend to undertake alternate activities for the Company. Hence, the Company has been identified for liquidation. Consequently, the financial statements for the year ended 31 December 2018, have not been prepared on a going concern basis.

The Company's result for the year is £nil (2017: £nil). The Company operates on a full cost recovery basis on its ordinary activities. The turnover decreased in 2018 to £5,722,000 (2017: £23,771,000) and the cost of sales decreased in the same period to £6,193,000 (2017: £23,801,000) as the Company ceased to operate during 2018.

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 15 to 20 of Royal Dutch Shell's Annual Report and Form 20-F for the year ended 31 December 2018 (the "Group Report"), include those of the Company. (The Group Report does not form part of this report).

Shell Shared Service Centre - Glasgow Limited

Strategic report for the year ended 31 December 2018 (continued)

Key Performance Indicators

Companies of the Shell Group comprise the Upstream businesses of Exploration and Production, Integrated Gas and New Energies, 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 29 to 61 of the Group Report and the key performance indicators through which the Group's performance is measured are as set out on pages 27 to 28 of the Group Report.

Approved by the Board on 20 September 2019 and signed on its behalf by:

DocuSigned by:

Helen Day

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Helen Day

Authorised signatory for
Shell Corporate Secretary Limited
Company secretary

Shell Shared Service Centre - Glasgow Limited

Directors' report for the year ended 31 December 2018

The Directors present their report and the financial statements for the year ended 31 December 2018.

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

Dividends

No dividends were paid during the year (2017: £nil).

Future Outlook

As noted in the "Business Review" section above, the Company's liquidation process is expected to be initiated in 2019.

Directors of the Company

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

Oliver F. Capon (appointed 13 July 2018)

Gillian Rodgers

A. Ronald (resigned 28 February 2019)

Nicholas Wakefield (appointed 13 July 2018)

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 103 to 104 and note 19).

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:

Shell Shared Service Centre - Glasgow Limited

Directors' report for the year ended 31 December 2018 (continued)

Statement of Directors' responsibilities (continued)

- 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. As indicated in the "Business Review" under the Director's report and note 1 to the financial statements, the current year financial statements have not been prepared on a going concern basis and have instead been prepared on a break up basis.

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 20 September 2019 and signed on its behalf by:

DocuSigned by:
Helen Day
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Helen Day
Authorised signatory for
Shell Corporate Secretary Limited
Company secretary

Independent Auditor's report to the Member of Shell Shared Service Centre - Glasgow Limited

Opinion

We have audited the financial statements of Shell Shared Service Centre - Glasgow Limited (the "Company") for the year ended 31 December 2018, which comprise the Profit and loss account, Balance sheet, Statement of changes in equity, and the related notes 1 to 19, 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 2018 and of its result 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 1 of the financial statements, which explains that the Directors intend to liquidate the Company and therefore does not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have been prepared on a break up basis as described in note 1. Our opinion is not modified in respect of this matter.

**Independent Auditor's report to the Member of Shell Shared Service Centre - Glasgow 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 Shell Shared Service Centre - Glasgow Limited
(continued)**

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities set out on pages 3 to 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.

Ernst & Young LLP

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

Date: *24 September 2019*

Shell Shared Service Centre - Glasgow Limited

Profit and loss account for the year ended 31 December 2018

		2018	2017
Discontinued Operations	Note	£ 000	£ 000
Turnover	3	5,722	23,771
Cost of sales		<u>(6,193)</u>	<u>(23,801)</u>
OPERATING LOSS		(471)	(30)
Interest receivable and similar income	4	206	92
Interest payable and similar charges	5	<u>(7)</u>	<u>(128)</u>
LOSS BEFORE TAXATION		(272)	(66)
Tax on loss	9	<u>272</u>	<u>66</u>
RESULT FOR THE YEAR		<u>-</u>	<u>-</u>


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

Shell Shared Service Centre - Glasgow Limited

**(Registration number: 03932110)
Balance sheet as at 31 December 2018**

	Note	2018 £ 000	2017 £ 000
Fixed assets			
Tangible assets	10	-	184
Deferred tax	9	-	1,446
		<u>-</u>	<u>1,630</u>
Current assets			
Debtors	11	6,063	18,980
Creditors: amounts falling due within one year	12	<u>(709)</u>	<u>(6,787)</u>
Net current assets		<u>5,354</u>	<u>12,193</u>
Total assets less current liabilities		5,354	13,823
Provisions	15	<u>(255)</u>	<u>(8,289)</u>
Net assets		<u>5,099</u>	<u>5,534</u>
Equity			
Called up share capital	16	21,050	21,050
Profit and loss account		<u>(15,951)</u>	<u>(15,516)</u>
Total equity		<u>5,099</u>	<u>5,534</u>

The financial statements on pages 8 to 28 were authorised for issue by the Board of Directors on 20 September 2019 and signed on its behalf by:

DocuSigned by:

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Oliver F. Capon
Director

Shell Shared Service Centre - Glasgow Limited

Statement of changes in equity for the year ended 31 December 2018

	Called up share capital £ 000	Profit and loss account £ 000	Total £ 000
Balance as at 1 January 2017	21,050	(15,340)	5,710
Total comprehensive income for the year	-	-	-
Share based payments - notional	-	282	282
Share based payments - charge from parent	-	(458)	(458)
Balance as at 31 December 2017	21,050	(15,516)	5,534
Balance as at 1 January 2018	21,050	(15,516)	5,534
Total comprehensive income for the year	-	-	-
Share based payments - charge from parent	-	(435)	(435)
Balance as at 31 December 2018	21,050	(15,951)	5,099

Shell Shared Service Centre - Glasgow Limited

Notes to the financial statements for the year ended 31 December 2018

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.

As described in the Director's report, in light of the Company's expected dissolution in 2019, these Financial Statements have not been prepared on a going concern basis and have instead been prepared on a break up basis. This has resulted in all assets and liabilities being classified as short term as the intention is to settle all balances within 12 months after the reporting date. There are no other material impact on the measurement or recognition of balances arising from the preparation of accounts on a basis other than going concern.

As applied to the Company, there are no material differences between EU endorsed IFRS and IFRS as issued by the International Accounting Standards Board.

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 other than as described above and except for the adoption of IFRS 9 and IFRS 15.

New standards applied

The adoption of IFRS 9 and IFRS 15 has had no material impact on the Company's retained earnings or balance sheet as at 1 January 2018.

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:

Shell Shared Service Centre - Glasgow Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

I Accounting policies (continued)

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined)
- 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:
 - (i) paragraph 79(a)(iv) of IAS 1 'Presentation of financial statements';
 - (ii) paragraph 73(e) of IAS 16 'Property, plant and equipment';
 - (iii) paragraph 118(e) of IAS 38 'Intangible assets' (reconciliation between the carrying amount at the beginning and end of the period)
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - (i) 10(d), (statement of cash flows);
 - (ii) 16 (statement of compliance with all IFRS);
 - (iii) 38A (requirement to present a minimum of two statements for each of the primary financial statements, including cash flow statements and related notes);
 - (iv) 38B-D (additional comparative information);
 - (v) 40A-D (requirements for a third balance sheet);
 - (vi) 111 (cash flow statement information); and
 - (vii) 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows'
- Paragraph 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)
- Paragraph 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.

Shell Shared Service Centre - Glasgow Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

1 Accounting policies (continued)

Consolidation

The immediate parent company is The Shell Petroleum Company Limited.

The ultimate parent company and controlling party is Royal Dutch Shell plc, which is incorporated in England and Wales. Royal Dutch Shell plc is the parent undertaking of the smallest and largest group to consolidate these accounts.

The consolidated accounts of Royal Dutch Shell plc are available from:

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

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.

Shell Shared Service Centre - Glasgow Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

1 Accounting policies (continued)

Deferred tax

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised when, on the basis of the most recent available evidence, it is regarded as probable that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the temporary differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset deferred tax assets against deferred tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Amounts relating to deferred tax are undiscounted.

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 Pounds Sterling (£), 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.

Shell Shared Service Centre - Glasgow Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

1 Accounting policies (continued)

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and provision for impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. A review for the potential impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of a fixed asset may not be recoverable. If assets are determined to be impaired, the carrying amounts of those assets are written down to their recoverable amount, which is the higher of fair value less costs to sell and value in use. Value in use is determined as the amount of estimated risk-adjusted discounted future cash flows. For this purpose, assets are grouped into cash-generating units based on separately identifiable and largely independent cash inflows. 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.

Depreciation and impairment are not normally charged on assets under construction or on freehold land. In the case of these assets, an impairment review would only be undertaken if, and only if, there was a change in circumstances indicating that the carrying amount of the asset may not be recoverable.

Depreciation is charged so as to write off the cost of assets on a straight line basis, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Leasehold improvements	10% - 25% per annum
Fixtures, fittings, tools and equipment	20% -25% per annum

Shell Shared Service Centre - Glasgow Limited

Notes to the financial statements for the year ended 31 December 2018 (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 or loss 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 or loss 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 receivables 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. For trade debtors that do not contain a significant financing component, the simplified approach is applied recognising expected lifetime credit losses from initial recognition.

Shell Shared Service Centre - Glasgow Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

1 Accounting policies (continued)

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 income.

Turnover

Turnover represents the accrued value of fees for the provision of financial and accounting services. Turnover comprises the fair value of the consideration received or receivable for services, which are recognised when the services are rendered. Accrued billing consists of revenue which is yet to be billed for services delivered to related companies during the financial year.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised as non-current assets of the Company at the lower of their fair value at the date of commencement of the lease and at the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the income statement and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value at a rate intended to reflect the time value of money where the effect of time value of money is material.

Netting off policy

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

Shell Shared Service Centre - Glasgow Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

1 Accounting policies (continued)

- 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.

Share based payments

The fair value of share-based compensation for performance share plans is estimated using a Monte Carlo pricing model.

The fair value of the performance share plans is recognised in the profit and loss account from the date of grant over the vesting period, with a corresponding increase recognised directly in equity. At each subsequent balance sheet date, the Company revises its estimate of the number of awards that are expected to vest (in relation to non-market based performance conditions) and recognises the impact of the revision to original estimates, if any, in the profit and loss account, with a corresponding adjustment to equity.

The market value of vested schemes is subsequently invoiced to employing entities in the year of delivery. This is treated as a distribution and is deducted from equity.

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 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.

Provision for expected credit losses of trade debtors

The Company computes probability of default rates for intra-group 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.

Shell Shared Service Centre - Glasgow Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

3 Turnover

Turnover represents amounts receivable (excluding value added tax) for accounting services provided. Turnover is recognised when services are provided.

4 Interest receivable and similar income

	2018 £ 000	2017 £ 000
Interest from Group undertakings:		
Fellow subsidiary undertakings	2	3
Gain on currency translation	204	-
Others	-	89
	<u>206</u>	<u>92</u>

5 Interest payable and similar charges

	2018 £ 000	2017 £ 000
Interest on loans from Group undertakings:		
Fellow subsidiary undertakings	7	-
Loss on currency translation	-	128
	<u>7</u>	<u>128</u>

6 Operating loss

Arrived at after charging

	2018 £ 000	2017 £ 000
Operating lease rental charged:		
Other operating lease expense - property	397	326
Depreciation:		
On owned assets	184	680

Shell Shared Service Centre - Glasgow Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

7 Staff costs

The aggregate payroll costs were as follows:

	2018 £ 000	2017 £ 000
Wages and salaries	3,961	13,429
Social security costs	790	1,664
Pension costs (note 14)	175	649
Share-based payment expenses (note 18)	<u>-</u>	<u>282</u>
	<u><u>4,926</u></u>	<u><u>16,024</u></u>

The average number of persons employed by the Company (including Directors) during the year, analysed by category was as follows:

	2018 No.	2017 No.
Accounting services	<u><u>128</u></u>	<u><u>312</u></u>

8 Auditor's remuneration

The auditor's remuneration of £2,000 (2017: £8,000) in respect of the statutory audit was borne by another Group company for the current year.

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

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Notes to the financial statements for the year ended 31 December 2018 (continued)

9 Tax on result

Tax (credit) in the profit and loss account

The tax credit for the year of £272,000 (2017: £66,000) is made up as follows:

	2018	2017
	£ 000	£ 000
Current taxation		
UK corporation tax	(451)	(738)
UK corporation tax adjustment to prior periods	<u>(1,267)</u>	<u>253</u>
Total current tax credit	<u>(1,718)</u>	<u>(485)</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	338	432
Arising from adjustment in respect of prior periods	<u>1,108</u>	<u>(13)</u>
Total deferred tax charge	<u>1,446</u>	<u>419</u>
Tax credit in the profit and loss account	<u>(272)</u>	<u>(66)</u>

Reconciliation of total tax (credit)

The tax on loss before tax for the year differs from the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%).

The differences are reconciled below:

	2018	2017
	£ 000	£ 000
Loss before tax	272	66
Tax on loss calculated at standard rate (2018: 19.00%) (2017: 19.25%)	(52)	(13)
Effects of:		
Income not assessable	(82)	(306)
Expenses not deductible	61	70
Adjustments in respect of prior periods	(159)	240
Change in corporation tax rates	<u>(40)</u>	<u>(57)</u>
Total tax credit	<u>(272)</u>	<u>(66)</u>

Shell Shared Service Centre - Glasgow Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

9 Tax on result (continued)

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.

Deferred tax assets as at:

	2018 £ 000	2017 £ 000
Temporary differences in respect of capital allowance	-	261
Other items	-	1,185
	<u>-</u>	<u>1,446</u>

	At 1 January 2018 £ 000	Recognised in profit and loss account £ 000	At 31 December 2018 £ 000
Deferred tax movement during the year:			
Temporary differences in respect of capital allowance	261	(261)	-
Other items	1,185	(1,185)	-
	<u>1,446</u>	<u>(1,446)</u>	<u>-</u>

	At 1 January 2017 £ 000	Recognised in profit and loss account £ 000	At 31 December 2017 £ 000
Deferred tax movement during the prior year:			
Temporary differences in respect of capital allowance	179	82	261
Other items	1,686	(501)	1,185
	<u>1,865</u>	<u>(419)</u>	<u>1,446</u>

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Notes to the financial statements for the year ended 31 December 2018 (continued)

10 Tangible assets

	Long leasehold land and buildings £ 000
Cost or valuation	
Balance at 1 January 2018	1,559
Retirements of assets	<u>(1,559)</u>
Balance at 31 December 2018	<u>-</u>
Accumulated Depreciation	
Balance at 1 January 2018	(1,375)
Charge for the year	(184)
Retirements of assets	<u>1,559</u>
Balance at 31 December 2018	<u>-</u>
Net book amount	
At 31 December 2018	<u>-</u>
At 31 December 2017	<u>184</u>

Shell Shared Service Centre - Glasgow Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

11 Debtors

Debtors: amounts due within one year

	2018	2017
	£ 000	£ 000
Amounts owed by Group undertakings:		
Fellow subsidiary undertakings	5,940	18,647
Amounts owed by participating undertakings	95	-
Prepayments and accrued income	-	159
Tax receivable	28	174
	<u>6,063</u>	<u>18,980</u>

Amounts owed by Group undertakings are payable upon demand bearing interest rate ranging from 0% to 0.81% (2017: 0% to 0.34%). It includes an amount receivable from Parent company of £1,206,000 (2017: £nil).

The Company has recorded all financial assets at amortised cost.

12 Creditors: amounts falling due within one year

	2018	2017
	£ 000	£ 000
Trade creditors	70	441
Amount owed to Group undertakings		
Fellow subsidiary undertakings	296	2,422
Tax and social security	322	2,009
Accrued expenses	10	1,674
Other creditors	11	241
	<u>709</u>	<u>6,787</u>

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

The Company has recorded all financial liabilities at amortised cost.

Shell Shared Service Centre - Glasgow Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

13 Obligations under leases and hire purchase contracts

Operating leases

The total future value of minimum lease payments is as follows:

	2018 £ 000	2017 £ 000
Within one year	-	1,042
	<u>-</u>	<u>1,042</u>

14 Pension and other schemes

The Company operates a defined contribution scheme. The cost to the Company for the year is £175,000 (2017: £649,000). Out of the above, contribution to the SCPF, a defined benefit scheme amounted to £nil (2017: £15,000).

15 Provisions

	Dilapidation £ 000	Onerous contracts £ 000	Redundancy £ 000	Total £ 000
Balance as at 1 January 2018	350	968	6,971	8,289
Provisions used	(350)	(968)	(6,204)	(7,522)
Released to the profit and loss account	<u>-</u>	<u>-</u>	<u>(512)</u>	<u>(512)</u>
Balance as at 31 December 2018	<u>-</u>	<u>-</u>	<u>255</u>	<u>255</u>

The provision in respect of redundancy costs relates to a reorganisation and has been utilised in the first quarter of 2019.

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Notes to the financial statements for the year ended 31 December 2018 (continued)

16 Called up share capital

Allotted, called up and fully paid shares

	No.	2018 £ 000	No.	2017 £ 000
Issued share capital of £1 each	<u>21,050,000</u>	<u>21,050</u>	<u>21,050,000</u>	<u>21,050</u>

17 Directors' emoluments

The Directors' emoluments for the year were as follows:

	2018 £ 000	2017 £ 000
Emoluments	-	310
Contributions paid to money purchase pension schemes	<u>-</u>	<u>7</u>
	<u>-</u>	<u>317</u>

The number of Directors who were receiving retirement benefits as at 31 December 2018 are as follows:

	2018 No.	2017 No.
Shares receivable by Directors	-	2
Accruing benefits under defined benefit pension scheme	<u>-</u>	<u>2</u>

In respect of the highest paid Director:

	2018 £ 000	2017 £ 000
Emoluments	-	167
Defined benefit accrued pension entitlement at the end of the period	<u>-</u>	<u>39</u>
	<u>-</u>	<u>206</u>

Shell Shared Service Centre - Glasgow Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

18 Share-based payments

Conditional awards of Royal Dutch Shell plc shares are made under an long-term incentive plan (the 'Performance Share Plan') when making awards to employees who are not Executive Directors of Royal Dutch Shell plc. The actual amount of shares that may vest, ranging from 0-200% of the conditional awards, depends on the measurement of the prescribed performance conditions over a three-year period beginning on 1 January of the award year. For awards granted in 2016 and 2017, half the award is linked to the relative performance compared to four of its main competitors in Total Shareholder Return ('TSR') measure, earnings per share, cash flow from operations and return on actual capital employed over the measurement period. The other half of the award is linked to the Shell scorecard results.

For awards granted in 2018, 37.5% of the award is linked to the relative performance compared to four of its competitors in TSR, cash flow from operations and return on actual capital employed and 12.5% to a free cash flow factor relative to internal operating plans over the remeasurement period. The other half of the award is linked to the Shell scorecard results.

The weighted average market price for exercises in 2018 was £22.60 (2017: £21.49) for Royal Dutch Shell plc Class A shares, £22.80 (2017: £22.42) for Royal Dutch plc Shell Class B shares, and £45.78 (2017: £42.95) for Royal Dutch Shell plc Class A ADRs.

For the performance shares which were outstanding as at 31 December 2018, the weighted average exercise price is £nil (2017:£nil) and the weighted average remaining contractual life is 0.54 years (2017: 0.90 years).

The profit and loss charge for 2018 is £nil (2017: £282,000).

Shell Shared Service Centre - Glasgow Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

19 Related party transactions

The details of related party transactions that occurred during the year and the year end balance outstanding are as follows:

Related party name	Receivable balance as at		Sales during the year	
	2018 £ 000	2017 £ 000	2018 £ 000	2017 £ 000
Alliance Holding LLC	-	-	51	-
Pilipinas Shell Petroleum Corporation	-	-	17	53
Shell Downstream South Africa (Pty) Ltd	-	2	16	26
Shell Mds (Malaysia) Sendirian Berhad	-	-	9	17
Shell Pakistan Limited	53	284	53	284
Shell & Turcas Petrol A.S.	-	-	14	27
Brunei Shell Petroleum Company Sendirian Berhad	40	-	196	-