

SHELL ENERGY EUROPE LIMITED
(Formerly Shell Energy Trading Limited)



**DIRECTORS' REPORT
AND
ACCOUNTS**

31st DECEMBER 2009

Registered in England: No. 4162523

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SHELL ENERGY EUROPE LIMITED
(Formerly Shell Energy Trading Limited)

31 DECEMBER 2009

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Company Registration Number 4162523

SHELL ENERGY EUROPE LIMITED

DIRECTORS' REPORT

The Directors submit their Annual Report and the audited accounts for the year ended 31 December 2009

The annual report and audited accounts of Shell Energy Europe Limited ("the Company") have been prepared in accordance with the Companies Act 2006

DIRECTORS AND DIRECTORS' INTERESTS

The Directors of the Company who served throughout the year and up to the date of this report were -

P J V Trimmer (Resigned 04 12 09)

A W Longden

R E Corran (Resigned 05 05 10)

W E Mende (Resigned 04 05 10)

T A Colgan (Resigned 01 03 10)

S Preocanin (Appointed 07 05 10)

A Roberts (Appointed 07 05 10)

P Worby (Appointed 07 05 10)

S Bradford (Appointed 07 05 10)

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

On 10 December 2009 Shell Energy Trading Limited changed its name to Shell Energy Europe Limited. This was done in preparation for the new organisational changes combining the activities of Shell Energy Trading Limited and Shell Energy Europe BV. As from 1 April 2010 the Company became the principal Shell Group company engaged in trading and marketing gas and electricity across Europe.

The functional and presentational currency of the accounts is in euros because the majority of the Company's income and expense is denominated in euros.

The profit on ordinary activities before taxation amounted to EURO 55,974,629 (2008: EURO 15,576,064 profit). Net Assets at 31 December 2009 were EURO 99,175,778 (2008: EURO 58,941,793). The Directors do not recommend the payment of a dividend for the year ended 31 December 2009 (2008: Nil).

Future Outlook

Areas of focus for 2010 are the opportunities presented by further gas and power liberalisation across Europe and operational optimisation of existing businesses.

Principal Risks and Uncertainties

Royal Dutch Shell plc 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 plc 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 Group. Accordingly, the principal risks and uncertainties of the Royal Dutch Shell Group which are discussed on page 13 to 15 of Royal Dutch Shell plc's Annual Report and Form 20-F for the year ended December 31, 2009 (the "Group Report") include those of the Company. (The Group Report does not form part of this report).

The principal risks that the Company is exposed to are discussed in the Financial Risk Management section below.

SHELL ENERGY EUROPE LIMITED

DIRECTORS' REPORT (continued)

Key performance indicators

The Shell group of companies consists of the upstream businesses of Exploration and Production, Gas and Power and Oil Sands and the downstream businesses of Oil Products and Chemicals. The Shell group also has interests in alternative energy sources including Renewables and Hydrogen. For this reason, the Company's Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance and position of the business of the Company. The development, performance and position of the various businesses is discussed at pages 19 to 45 of the Group Report and the key performance indicators through which the Group's performance is measured are as set out on pages 8 to 9 of the Group Report. (The Group Report does not form part of this report)

FINANCIAL RISK MANAGEMENT

The Company's risk management policies require the management of exposures in respect of price, timing and currency risks that arise from its energy trading business activities. The Company uses a range of conventional derivative financial instruments available in related commodity markets to manage these risks. These instruments include forward contracts, swaps, options and futures.

The main financial risks faced by the Company through its normal business activities are market (price) risk, credit risk and liquidity risk. These risks and the Company's approach to dealing with them are discussed below.

Market risk is the possibility that changes in natural gas and power prices or currency exchange rates will adversely affect the value of the Company's financial assets, liabilities or expected future cash flows. The Company has established policies, mandates and exposure limits in order to limit these risks. The Company enters into various transactions using derivative financial instruments to manage these risks; there are established processes to ensure close financial and management control around the use of these instruments. The control framework includes, regular review of mandated trading limits by senior management, daily monitoring of risk exposure using value-at-risk principles, marking to market of all trading exposures with independent finance review of the market values applied to trading exposures.

Credit risk is the potential exposure of the Company to loss in the event of non-performance by a counterparty. The Company controls credit risk through credit approvals, limits, use of netting arrangements, prepayments, collateral and monitoring procedures. Counterparty credit checks, independent of the traders, are undertaken before contractual commitment.

Cash flow / liquidity risk is the risk that suitable sources of funding for the Company's business activities may not be available. The Company actively maintains a funding arrangement with Shell Treasury Centre Limited, this allows for both short term borrowings and short term deposits. The Company believes it has access to sufficient funding and also has undrawn committed borrowing facilities to ensure that there are sufficiently available funds for its operations.

POST BALANCE SHEET EVENTS

Refer to note 18 "Post Balance Sheet Events"



SHELL ENERGY EUROPE LIMITED

DIRECTORS' REPORT (continued)

CREDITOR PAYMENT POLICY

The Company complies with the Better Payment Practice Code, which states that responsible companies should

- 1 Agree payment terms at the outset of a deal and stick to them,
- 2 Explain its payment procedures to suppliers,
- 3 Pay bills in accordance with any contract agreed with the supplier or as required by law, and
- 4 Tell suppliers without delay when an invoice is contested and settle disputes quickly

Information and copies of the code can be obtained from www.payontime.co.uk

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 for that period. In preparing these financial statements, the directors are required to

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

The Directors confirm that they have complied with the above requirements in preparing the financial statements. An exception to the application of UK GAAP (SSAP 9) and the Companies Act is that the Company records its Gas stocks at fair value with movements recognised in the income statement. This departure and the reasons therein, are explained in note 1 (d).

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 AUDITORS

All Directors in office at the date of approval of the Director's report confirm that so far as each of the Directors is aware, there is no relevant audit information (meaning information needed by the Company's auditors in connection with preparing their report) that has not been disclosed to the Company's auditors. Each of the Directors believes that he or she has taken all steps that ought to have been taken to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

SHELL ENERGY EUROPE LIMITED

DIRECTORS' REPORT (continued)

INDEPENDENT AUDITORS

The Company has passed an Elective Resolution pursuant to section 386 of the Companies Act 1985 to dispense with the annual reappointment of auditors. As this Elective Resolution was in force before 1 October 2007 and has not been revoked or ceased to have effect PricewaterhouseCoopers LLP will continue in office as auditors of the Company pursuant to section 487(2) of the Companies Act 2006 as amended by the Companies Act 2006 (Commencement No 3 Consequential Amendments, Transitional Provisions and Savings) Order 2007 SI2007/2194

By Order of the Board



ANDREW LONGDEN

Director

17th May 2010

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SHELL ENERGY EUROPE LIMITED

We have audited the accounts of Shell Energy Europe Limited (the "Company") for the year ended 31 December 2009, which comprise the profit and loss account, the balance sheet, and the related notes. The financial reporting framework that has been applied in their presentation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- Give a true and fair view of the state of the Company's affairs as at 31 December 2009 and of the Company's profit for the year 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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- Adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us, or
- The Company 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 of the information and explanations we require for our audit



Ross Hunter (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

SHELL ENERGY EUROPE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2009

	<u>NOTE</u>	<u>2009</u> <u>EURO'000</u>	<u>2008</u> <u>EURO'000</u>
Net trading profit	2	66,902	30,779
Administrative expenses		(16,939)	(7,805)
Other Operating income/(expense)	5	6,404	(7,341)
OPERATING PROFIT		56,367	15,633
Interest receivable and similar income	3	315	459
Interest payable and similar charges	4	(707)	(516)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	55,975	15,576
Tax on profit on ordinary activities	6	(15,741)	(4,208)
PROFIT FOR THE FINANCIAL YEAR		40,234	11,368
 RETAINED PROFIT FOR THE YEAR		 40,234	 11,368
Retained profit at beginning of year		40,942	29,574
Retained profit at end of year		81,176	40,942

The results shown above relate solely to continuing operations

A reconciliation of movements in Equity shareholder's funds is shown in Note 16

A historical cost reconciliation is shown in Note 17

There were no recognised gains or losses for the year other than those included in the profit and loss account above

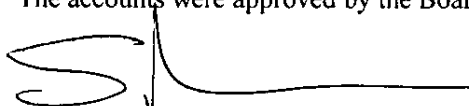
The notes on pages 8 to 16 form an integral part of the accounts

SHELL ENERGY EUROPE LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2009

	<u>NOTE</u>	<u>2009</u> <u>EURO'000</u>	<u>2008</u> <u>EURO'000</u>
FIXED ASSETS			
Tangible assets	9	1,607	-
CURRENT ASSETS			
Stocks	10	6,440	10,529
Debtors	11	3,890,217	2,514,815
Cash at bank and in hand		201	570
		<hr/> 3,896,858	<hr/> 2,525,914
CREDITORS			
Amounts falling due within one year	12	(3,799,289)	(2,466,972)
NET CURRENT ASSETS		<hr/> 97,569	<hr/> 58,942
NET ASSETS		<hr/> 99,176	<hr/> 58,942
 Called up Share Capital	 14	 18,000	 18,000
Profit and Loss Account		<hr/> 81,176	<hr/> 40,942
EQUITY SHAREHOLDER'S FUNDS	 16	 <hr/> 99,176	 <hr/> 58,942

The accounts were approved by the Board of Directors on 17th May 2010 and were signed on its behalf by


 Director **SLAVKO PREOCANIN**

The notes on pages 8 to 16 form an integral part of the accounts

SHELL ENERGY EUROPE LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 2009

1 ACCOUNTING POLICIES

(a) Accounting convention and compliance with Accounting Standards

The accounts have been prepared on a going concern basis under the historical cost convention with the exception of the policy on valuation of stocks in note 1 (d) below in accordance with the Companies Act 2006, applicable Accounting Standards in the UK, and the accounting policies as described below

(b) Net trading profit

All commodity contracts and derivative financial instruments entered into by the Company as part of its energy trading activities are recognised in the financial statements on the date of trade. All open contracts are included at fair value and as a consequence unrealised and realised gains and losses are recognised in net trading profit - see note 1 (d)

(c) Consultancy fees

Fees in respect of advice given to third parties and fellow group subsidiaries are recognised within other operating income over the period to which the advice relates or when it is earned at a point in time by reference to a contract

(d) Stocks and open contracts (including derivatives) held for trading purposes

Gas stocks, open contracts held for trading purposes are included in the balance sheet at fair value in accordance with established industry practice. Fair value is based generally on market prices or broker quotations. To the extent that prices are not readily available fair value is based either on internal valuation models or management's estimate of amounts that could be realised under current market conditions (see note 15)

The stocks accounting policy represents a departure from both SSAP 9, which requires stock to be carried at the lower of cost and net realisable value, and from current cost accounting rules of the Companies Act 2006, which require any recognised differences between market value and historic cost to be taken to the revaluation reserve. In the view of the directors, the treatment prescribed by SSAP 9 or the current cost accounting rules would not give a true and fair view because the stocks of natural gas held are marketable commodities traded on international markets and are therefore immediately saleable.

The fair value of open contracts, which include forwards, futures, options and contracts for differences, representing both long and short positions, is included in the balance sheet under trade debtors and trade creditors respectively. Amounts are offset and the net amount reported in the balance sheet if, and only if, there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise an asset and settle the liability simultaneously.

In accordance with the exemption allowed by paragraph N9 of Financial Reporting Standard 29, detailed disclosures relating to derivative financial instruments for the Company have not been provided.

(e) Foreign currency translation

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

Monetary assets and liabilities recorded in foreign currencies have been expressed in euros 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 that have been measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined. No subsequent translations are made once this has occurred.

SHELL ENERGY EUROPE LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 2009 (continued)

(f) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and provision for impairment. A review of the potential impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. Such impairment reviews are performed in accordance with Financial Reporting Standard 11. Impairments thus arising 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 period 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.

The Company capitalises certain costs associated with the acquisition or development of software for internal use. Once the software is ready for its intended use, capitalised costs are depreciated over an expected useful life of not more than four years.

(g) Cash flow statements

In accordance with the exemption allowed by paragraph 5(a) of Financial Reporting Standard 1 (Revised), a cash flow statement for the Company has not been provided.

(h) Tax

The Company records a tax charge or credit in the profit and loss account calculated at the tax rate prevailing in the year 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.

(i) Deferred Tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profit and its results as stated in the accounts that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the accounts.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when tangible fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on the sale has been recognised in the accounts.

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

Amounts relating to deferred tax are undiscounted.

(j) Related Party Disclosures

In accordance with the exemption allowed by paragraph 3(c) of Financial Reporting Standard 8, no disclosure is made of transactions with other member companies of the Shell Group or investees of the Group qualifying as related parties.

SHELL ENERGY EUROPE LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 2009 (continued)

(k) Netting-off Policy

Balances receivable from or payable to third parties or with other companies of the Shell Group are stated gross, unless all of the following conditions are met

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

(l) Derivative Financial Instruments

The Company, in the normal course of the business, uses financial instruments of various kinds for the purposes of managing exposure to currency, commodity price and interest rate movements

The Company has a treasury policy consistent with the Group Treasury Guidelines. These policies cover financial structure, foreign exchange and interest rate risk management as well as the treasury control framework. The use of financial instruments for managing exposures has been successful during the year and the Company will use financial instruments, where required, to manage exposures in future periods.

2 NET TRADING PROFIT

The Directors consider that turnover is not a meaningful measure of the results of the Company and that this is best represented by net trading profit. Net trading profit represents net profits from the trading of gas and electricity. The company has only one class of business, that of trading gas and electricity in Europe.

3 INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>2009</u> <u>EURO'000</u>	<u>2008</u> <u>EURO'000</u>
Interest receivable from group undertakings	115	114
Interest receivable from banks	200	345
	<u>315</u>	<u>459</u>

4 INTEREST PAYABLE AND SIMILAR CHARGES

	<u>2009</u> <u>EURO'000</u>	<u>2008</u> <u>EURO'000</u>
Interest payable to group undertakings	506	-
Other interest payable	201	516
	<u>707</u>	<u>516</u>

SHELL ENERGY EUROPE LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 2009 (continued)

5 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging/(crediting) the following -

	<u>2009</u> <u>EURO'000</u>	<u>2008</u> <u>EURO'000</u>
Staff costs		
Wages and salaries	7,983	5,447
Social security costs	752	507
Auditors' remuneration (including expenses)		
Fees for audit work	64	33
Foreign exchange (gains)/losses (non-trading) *	(6,404)	7,243
Recharge of costs incurred to group undertakings	(8,309)	(8,853)

* Foreign exchange gain for 2009 includes a loss of EUR 278,606 for the revaluation of the year end UK Corporation tax liability (2008 EUR 809,757)

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) The charge for the year is made up as follows

	<u>2009</u> <u>EURO'000</u>	<u>2008</u> <u>EURO'000</u>
United Kingdom Corporation Tax		
at the rate of 28% (2008 28.5%)	15,751	4,207
Adjustments in respect of prior years	(11)	-
Total current tax charge	<u>15,740</u>	<u>4,207</u>
Deferred Tax (note 13)		
Origination and reversal of timing differences	1	1
Total deferred tax charge	<u>1</u>	<u>1</u>
Total tax charge	<u><u>15,741</u></u>	<u><u>4,208</u></u>

SHELL ENERGY EUROPE LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 2009 (continued)

6 TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

(b) Factors affecting tax charge for the period

	<u>2009</u> <u>EURO'000</u>	<u>2008</u> <u>EURO'000</u>
Profit on ordinary activities before tax	55,975	15,576
Profit on ordinary activities multiplied by standard rate in the UK of 28% (2008 28.5%)	15,673	4,439
Effects of		
Accelerated capital allowances and other timing differences	(1)	(1)
Adjustments to tax charge in respect of prior years	(11)	-
Expenses not deductible	79	(231)
Current tax charge for the period	<u>15,740</u>	<u>4,207</u>

7 EMPLOYEES

The employees' contracts of service are with Shell International Trading and Shipping Company Limited and costs have been charged to the Company. The average number of persons working on behalf of the Company in 2009 was 61 (2008 52). All persons were employed in the United Kingdom and were principally involved in the energy trading business.

8 DIRECTORS' REMUNERATION

None of the Directors received any emoluments in respect of their services to the Company (2008 Nil).

9 TANGIBLE ASSETS

	<u>Computer</u> <u>Software under</u> <u>Development</u> <u>EURO'000</u>	<u>Total</u> <u>EURO'000</u>
<u>Cost</u>		
Balance at 1/1/2009	-	-
Additions	1,607	1,607
Balance at 31/12/2009	<u>1,607</u>	<u>1,607</u>
<u>Depreciation</u>		
Balance at 1/1/2009	-	-
Charge for the year	-	-
Balance at 31/12/2009	<u>-</u>	<u>-</u>
<u>Net Book Value</u>		
At 1/1/2009	-	-
At 31/12/2009	<u>1,607</u>	<u>1,607</u>

SHELL ENERGY EUROPE LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 2009 (continued)

10 STOCKS

	<u>2009</u> <u>EURO'000</u>	<u>2008</u> <u>EURO'000</u>
Trading stocks		
Gas at market value (cost EURO 10,309,533, 2008 cost EURO 12,776,814)	6,440	10,529
	<u>6,440</u>	<u>10,529</u>

11 DEBTORS

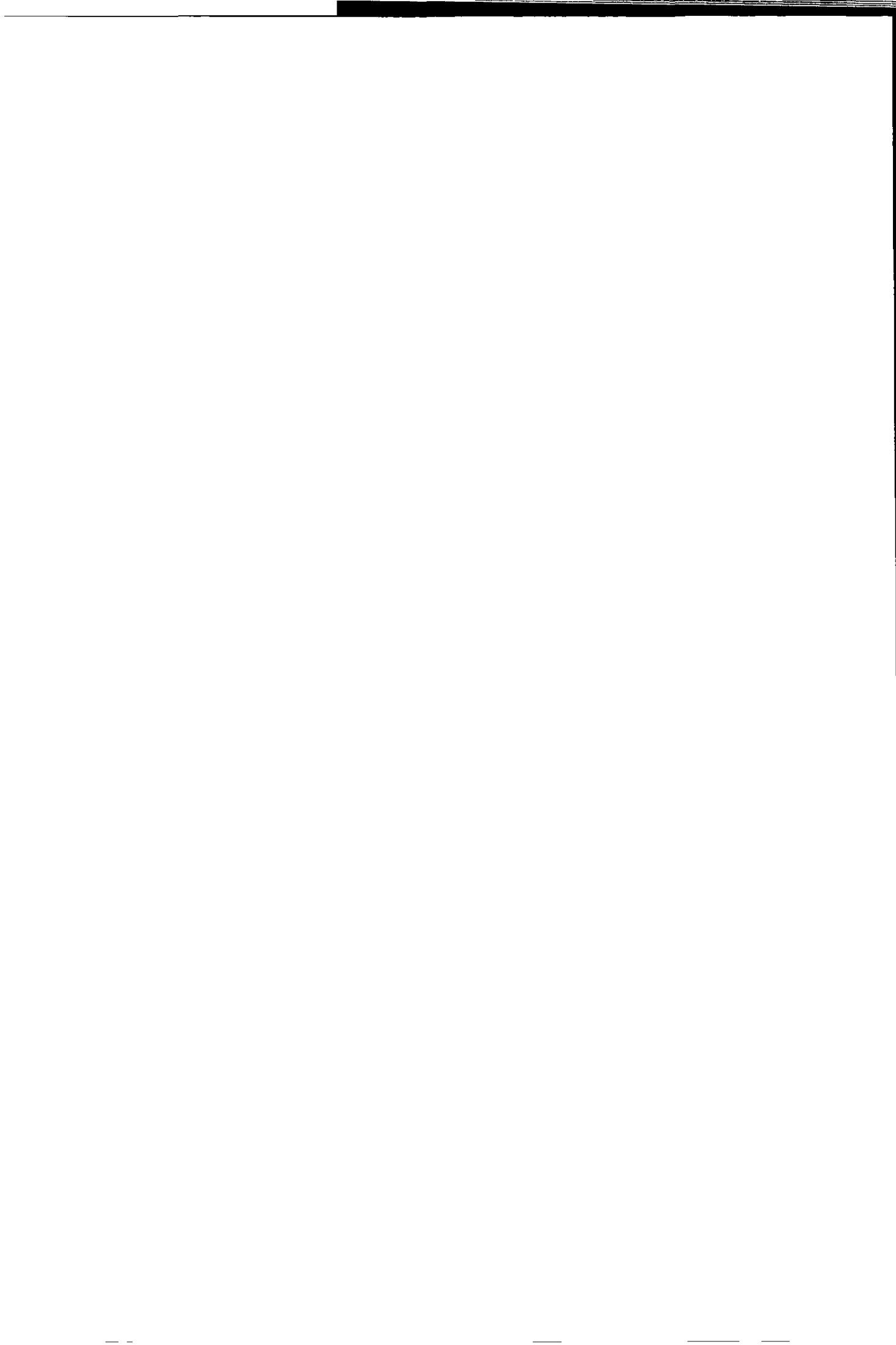
	<u>2009</u> <u>EURO'000</u>	<u>2008</u> <u>EURO'000</u>
<u>Amounts due within one year</u>		
Trade debtors	3,685,950	2,360,137
Amounts owed by Group undertakings	204,265	154,675
Deferred tax (note 13)	2	3
	<u>3,890,217</u>	<u>2,514,815</u>

- a) Amounts included within trade debtors include the mark to market valuations of open derivative positions and amounts due to be settled in respect of matured contracts
- b) The amounts owed by Group undertakings includes EURO 86,587,753 in 2009 (2008 EURO 14,310,757) of interest bearing deposits (loans), repayable on demand (interest receivable is disclosed in note 3) All other amounts owed by Group undertakings arose in the normal course of business and are due for settlement according to contractual credit terms

12 CREDITORS

	<u>2009</u> <u>EURO'000</u>	<u>2008</u> <u>EURO'000</u>
<u>Amounts falling due within one year</u>		
Trade creditors	2,700,045	2,034,833
Amounts owed to Group undertakings	147,971	23,539
Corporation tax	19,456	3,435
Accruals and deferred income	931,817	405,165
	<u>3,799,289</u>	<u>2,466,972</u>

Amounts included within trade creditors include the mark to market valuations of open derivative positions and amounts due to be settled in respect of matured contracts



SHELL ENERGY EUROPE LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 2009 (continued)

13 DEFERRED TAX

	<u>2009</u> <u>EURO'000</u>	<u>2008</u> <u>EURO'000</u>
Accelerated capital allowances	<u>2</u>	<u>3</u>
	<u>2</u>	<u>3</u>
Balance at 1 January 2009	3	4
Debit to profit and loss account	<u>(1)</u>	<u>(1)</u>
Balance at 31 December 2009	<u>2</u>	<u>3</u>

There was full provision for deferred taxation liabilities and there is no un-provided deferred taxation

14 SHARE CAPITAL

	<u>2009</u> <u>EURO'000</u>	<u>2008</u> <u>EURO'000</u>
Authorised ordinary shares of EURO 1 each	<u>18,000</u>	<u>18,000</u>
Allotted, called-up and fully paid ordinary shares of EURO 1 each	<u>18,000</u>	<u>18,000</u>

15 DERIVATIVE FINANCIAL INSTRUMENTS

Contracts are typically valued using price curves for each of the different products that are built up from active market pricing data. Where limited data exists for certain products, prices are interpolated using historic and long-term pricing relationships. Certain contracts are valued in part using active quotes and in part using observable, market-corroborated data for example swaps and physical forward contracts. A limited number of contracts are valued in part using internal models due to the absence of quoted prices, including over-the-counter options.

The fair value of instruments held by the company as at 31 December 2009 and the amounts included in the profit and loss account during 2009 were as follows

	<u>Fair value</u> <u>Assets</u> <u>EURO'000</u>	<u>Fair value</u> <u>Liabilities</u> <u>EURO'000</u>	<u>Unrealised</u> <u>Gain/(Loss)</u> <u>EURO'000</u>
Commodity physical contracts	1,951,912	(1,874,995)	140,812
Commodity swaps	337,217	(370,330)	(102,214)
Commodity options	-	-	-
Commodity futures	38,477	(38,430)	1,444
Foreign exchange contracts	4,758	(4,376)	3,301
	<u>2,332,364</u>	<u>(2,288,131)</u>	<u>43,343</u>

SHELL ENERGY EUROPE LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 2009 (continued)

15 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

The fair value of instruments held by the company as at 31 December 2008 and the amounts included in the profit and loss account during 2008 were as follows

	<u>Fair value</u>	<u>Fair value</u>	<u>Unrealised</u>
	<u>Assets</u>	<u>Liabilities</u>	<u>Gain/(Loss)</u>
	<u>EURO'000</u>	<u>EURO'000</u>	<u>EURO'000</u>
Commodity physical contracts	1,905,115	(1,969,010)	(95,104)
Commodity swaps	72,219	(3,118)	69,696
Commodity options	10,827	(10,827)	-
Commodity futures	37,767	(39,164)	12,534
Foreign exchange contracts	29,828	(32,747)	(3,128)
	<u>2,055,755</u>	<u>(2,054,866)</u>	<u>16,002</u>

16 RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDER'S FUNDS

	<u>2009</u>	<u>2008</u>
	<u>EURO'000</u>	<u>EURO'000</u>
Opening Equity shareholder's funds	58,942	47,574
Profit for the period	40,234	11,368
Closing Equity shareholder's funds	<u>99,176</u>	<u>58,942</u>

17 HISTORICAL COST RECONCILIATION

	<u>2009</u>	<u>2008</u>
	<u>EURO'000</u>	<u>EURO'000</u>
Reported profit on ordinary activities before taxation	55,975	15,576
Adjustment required if stock was held in compliance with SSAP9	-	-
Historical cost profit on ordinary activities before taxation	<u>55,975</u>	<u>15,576</u>

The historical cost profit on ordinary activities after taxation was EURO 40,233,985 (2008 EURO 11,367,666) at the UK standard corporation tax rate of 28% (2008 28.5%)

The revaluation reserve, had the departure from the Companies Act not been applied, would have been EURO Nil at 31 December 2009 and EURO Nil at 31 December 2008

SHELL ENERGY EUROPE LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 2009 (continued)

18 POST BALANCE SHEET EVENTS

On 8 March 2010 the Company increased its share capital to Euros 933,000,000 being 933,000,000 allotted, called-up and fully paid shares of Euro 1 each. Subsequently, on 1 April 2010, the Company was able to acquire the business previously undertaken by Shell Energy Europe BV.

19 ULTIMATE PARENT COMPANY

The immediate parent company is The Shell Petroleum Company Limited.

The ultimate parent company is Royal Dutch Shell plc, which is incorporated in the UK.

The accounts of the Company are incorporated in the annual report and accounts of Royal Dutch Shell.

Copies of the annual report and accounts of Royal Dutch Shell are available from

Royal Dutch Shell plc
c/o Bankside
Tel +44 (0)1635 232700
email bbs@shellbankside.co.uk