

SHELL ENERGY EUROPE LIMITED

**DIRECTORS' REPORT
AND FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2013

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SHELL ENERGY EUROPE LIMITED

STRATEGIC REPORT

The Directors present their strategic report on the Company for the year ended 31 December 2013.

Shell Energy Europe Limited (also referred to as 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 in which Royal Dutch Shell plc, either directly or indirectly, has control either through a majority of the voting rights or the right to exercise a controlling influence or to obtain the majority of the benefits and be exposed to the majority of the risks. 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 Company is the principal Shell Group Company engaged in trading and marketing gas and electricity across Europe.

The functional and presentational currency of the accounts is 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 80,071,000 (2012: EURO 170,650,000) primarily due to decline in gas price volatility and subdued spreads in Northern Europe which made for a tougher trading environment. Net Assets at 31 December 2013 were EURO 994,083,000 (2012: EURO 1,061,518,000).

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 ("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 11 to 14 of Royal Dutch Shell's Annual Report and Form 20-F for the year ended 31 December 2013 (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, Gas and Power and Oil Sands and the Downstream businesses of Oil Products and Chemicals. The Company's key performance indicators, that give an understanding of the development, performance and position of the business, are aligned with those of the Shell Group. The development, performance and position of the various businesses is discussed on pages 23 to 47 of the Group Report and the key performance indicators through which the Group's performance is measured are as set out on pages 20 to 21 of the Group Report.

By order of the Board



Director S. PREOCANIN
19 August 2014

SHELL ENERGY EUROPE LIMITED

DIRECTORS' REPORT

The Directors present their report and audited accounts for the year ended 31 December 2013.

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

Dividends

Interim dividends of EURO 128,518,000 were paid in the year (2012: EURO 139,564,000). The Directors recommend that no further dividend be paid for the year ended 31 December 2013 (2012: EURO Nil).

Future Outlook

Areas of focus for 2014 are the opportunities presented by further gas and power liberalisation across Europe and operational optimisation of existing businesses.

DIRECTORS

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

A.W. Longden

P.J. Worby

S. Preocanin

B.A.Fermin

S. R. Bradford

H. J. Stinis

Appointed 23 September 2013

Resigned 28 February 2014

Resigned 30 September 2013

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.

SHELL ENERGY EUROPE LIMITED

DIRECTORS' REPORT (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Strategic Report, Directors' 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 prepared the 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 of the company for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the accounts on the 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.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DISCLOSURE OF INFORMATION TO AUDITORS

All Directors in office at the date of approval of the Directors' 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.

By Order of the Board



Director S. PREOCANIN

19 August 2014

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

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Shell Energy Europe Limited, comprise:

- the balance sheet as at 31 December 2013;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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.

In addition, we read all the financial and non-financial information in the Strategic report, Directors' report and financial statements (the "Annual Report") to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF SHELL ENERGY EUROPE LIMITED (continued)

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility

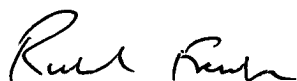
Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, 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 and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & 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.



Richard French (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
19 August 2014

SHELL ENERGY EUROPE LIMITED
PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2013

Continuing operations	Note	2013 EURO'000	2012 EURO'000
Net trading profit	2	93,061	292,271
Administrative expenses		(77,349)	(97,155)
Other operating income/ (expenses)		<u>67,462</u>	<u>(23,095)</u>
OPERATING PROFIT		83,174	172,021
Interest receivable and similar income	3	34	877
Interest payable and similar charges	4	<u>(3,137)</u>	<u>(2,248)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	80,071	170,650
Tax on profit on ordinary activities	6	<u>(18,988)</u>	<u>(42,132)</u>
PROFIT FOR THE FINANCIAL YEAR	17	<u>61,083</u>	<u>128,518</u>

NOTE OF HISTORICAL COST PROFIT AND LOSSES

	2013 EURO'000	2012 EURO'000
Reported profit on ordinary activities before taxation	80,071	170,650
Adjustment required if stock was held in compliance with SSAP9 and 2006 Companies Act (note 1 (h))	<u>(2,550)</u>	<u>11,475</u>
Historical cost profit on ordinary activities before taxation	<u>77,521</u>	<u>182,125</u>

The historical cost profit on ordinary activities after taxation was EURO 59,126,000 (2012: EURO 137,181,625) at the UK standard corporation tax rate of 23.25% (2012: 24.5%).

A reconciliation of movements in shareholder's funds is shown in note 17.


There are no material differences between the profit on ordinary activities before taxation and the retained profit for the current year and the profit on ordinary activities before taxation and the retained profit for the prior year and their historical cost equivalents.

The notes on pages 8 to 18 form an integral part of the accounts.

SHELL ENERGY EUROPE LIMITED
BALANCE SHEET
As at 31 December 2013

	Note	2013 EURO'000	2012 EURO'000
FIXED ASSETS			
Tangible assets	9	24,361	31,746
CURRENT ASSETS			
Stocks	10	180,315	265,905
Debtors	11	4,102,519	5,094,576
Cash at bank and in hand		1,313	6,529
		<u>4,284,147</u>	<u>5,367,010</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	12	<u>(3,313,730)</u>	<u>(4,333,804)</u>
NET CURRENT ASSETS		<u>970,417</u>	<u>1,033,206</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>994,778</u>	<u>1,064,952</u>
PROVISIONS FOR LIABILITIES			
Deferred Taxation	13	(695)	(1,882)
Other provisions	13	-	(1,552)
NET ASSETS		<u>994,083</u>	<u>1,061,518</u>
CAPITAL AND RESERVES			
Called up Share Capital	14	933,000	933,000
Profit and Loss Account	17	<u>61,083</u>	<u>128,518</u>
TOTAL SHAREHOLDER'S FUNDS	17	<u>994,083</u>	<u>1,061,518</u>

The accounts on pages 6 to 18 were approved by the Board of Directors on 19 August 2014 and were signed on its behalf by:


S. PREDCANIN
 Director

The notes on pages 8 to 18 form an integral part of the accounts.

SHELL ENERGY EUROPE LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 2013

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(h) below, in accordance with the Companies Act 2006, applicable Accounting Standards in the UK (UK GAAP), and the accounting policies as described below.

The accounting policies have been consistently applied.

There have been no changes in accounting policies in 2013.

(b) Group accounts

The immediate parent company is Shell Trading International 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 of undertakings to consolidate these accounts at 31 December 2013. The consolidated accounts of Royal Dutch Shell plc are available from:

Royal Dutch Shell plc
Tel: +31 888 800 844
Email: order@shell.com

(c) 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. Net trading profit includes realised gains on all settled gas, electricity and transport contracts. All open contracts are included at fair value and unrealised gains and losses are recognised in net trading profit. See note 1(h).

(d) Taxation

(i) Corporation 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.

SHELL ENERGY EUROPE LIMITED
NOTES TO THE ACCOUNTS (continued)
For the year ended 31 December 2013

1. Accounting policies (continued)

d) Tax (continued)

(ii) 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.

(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.

(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 ("FRS") 11. 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 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.

SHELL ENERGY EUROPE LIMITED

NOTES TO THE ACCOUNTS (continued)

For the year ended 31 December 2013

1. Accounting policies (continued)

(g) Goodwill

Purchased goodwill arises on the acquisition of the net assets of a business and represents the excess of the fair value of the consideration given over the aggregate of the fair value of the separable net assets acquired. Purchased goodwill is capitalised and stated at cost less accumulated amortisation and provisions for impairment. A review for the potential impairment of goodwill is carried out if events or changes in circumstances indicate that the carrying amount of goodwill may not be recoverable. Such impairment reviews are performed in accordance with FRS 11. Impairments thus arising are recorded in the profit and loss account.

Amortisation is calculated on a straight-line basis over the period which the Directors' estimate benefits may reasonably be expected to accrue from the acquisitions.

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

Gas stocks, 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, is included in the balance sheet under trade debtors and trade creditors. 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.

(i) Provisions

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

SHELL ENERGY EUROPE LIMITED
NOTES TO THE ACCOUNTS (continued)
For the year ended 31 December 2013

1. Accounting policies (continued)

(j) 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.

(k) Cash flow statements

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

(l) Related Party Disclosures

In accordance with the exemption allowed by paragraph 3(c) of FRS 8, no disclosure is made of transactions with wholly owned member companies of the Shell Group.

(m) 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 Shell 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. (See note 15).

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

	2013 EURO'000	2012 EURO'000
Interest from fellow subsidiary undertakings	-	627
Interest from banks and similar income	34	250
	<hr/> 34 <hr/>	<hr/> 877 <hr/>

SHELL ENERGY EUROPE LIMITED
NOTES TO THE ACCOUNTS (continued)
For the year ended 31 December 2013

4. Interest payable and similar charges

	2013 EURO'000	2012 EURO'000
Loans from fellow subsidiary undertakings	2,623	1,635
Other interest payable	514	613
	<u>3,137</u>	<u>2,248</u>

5. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging the following:-

	2013 EURO'000	2012 EURO'000
Staff costs:		
Wages and salaries *	20,372	18,799
Social security costs	2,620	2,399
Depreciation on owned assets	9,289	8,417
Auditors' remuneration		
Fees for audit work	282	197
Foreign exchange (profit)/ loss **	(67,461)	23,095
Recharge of costs incurred to group undertakings	(29,410)	(25,288)

* Wages and salaries for 2012 have been restated to include bonuses to be consistent with 2013.

**Foreign exchange profit for 2013 includes a loss of EURO 385,800 for the revaluation of the year end UK Corporation tax liability (2012: loss of EURO 867,077).

6. Tax on profit on ordinary activities

The tax charge for the year of EURO 18,988,114 (2012: EURO 42,132,305) is made up as follows:

	2013 EURO'000	2012 EURO'000
UK corporation tax charge on the result of the period	19,801	42,402
Adjustments in respect of prior years	374	661
Total current tax charge	<u>20,175</u>	<u>43,063</u>
Effect of change in corporation tax rates	(93)	(179)
Origination and reversal of timing differences	(1,094)	(752)
Adjustments in respect of prior years	<u>-</u>	<u>-</u>
Total deferred tax charge	<u>(1,187)</u>	<u>(931)</u>
Total tax charge	<u>18,988</u>	<u>42,132</u>

SHELL ENERGY EUROPE LIMITED
NOTES TO THE ACCOUNTS (continued)
For the year ended 31 December 2013

6. Tax on profit on ordinary activities (continued)

The tax assessed for the year differs from the standard effective rate of corporation tax in the UK of 23.25% (2012: 24.5%). The differences are explained below:

	2013 EURO'000	2012 EURO'000
Profit on ordinary activities before taxation	80,071	170,650
Tax on profit on ordinary activities at standard UK corporation tax rate of 23.25% (2012: 24.5%)	18,617	41,809
Effects of:		
Accelerated capital allowances and other timing differences	1,094	752
Adjustments to tax charge in respect of prior years	374	661
Income not assessable	-	(161)
Expenses not deductible	90	2
Current tax charge for the year	<u>20,175</u>	<u>43,063</u>

Factors affecting current and future tax charges

The average main rate of UK Corporation tax for the year to 31 December 2013 was 23.25% for current tax in the year to 31 December 2013 (2012: 24.5%).

Changes to the UK corporation tax rate were introduced by the UK Finance Act 2012, including a reduction to the UK main corporation tax rate to 24% effective as from 1 April 2012 and a further tax rate reduction to 23% effective as from 1 April 2013. Further changes reducing the UK corporation tax rate to 21% effective from 1 April 2014, and to 20% effective from 1 April 2015 were introduced by the Finance Act 2013 and enacted on 17 July 2013.

The relevant deferred tax balances have been re-measured to 20% the rate enacted by the balance sheet date.

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 monthly average number of persons working on behalf of the Company in 2013 was 160 (2012: 159). 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 (2012: Nil).

SHELL ENERGY EUROPE LIMITED
NOTES TO THE ACCOUNTS (continued)
For the year ended 31 December 2013

9. Tangible Assets

	Assets under construction EURO'000	Computer Software EURO'000	Total EURO'000
Cost			
Balance at 1 January 2013	3,687	42,087	45,774
Additions	1,904	-	1,904
Transfers	(1,962)	1,962	-
Balance at 31 December 2013	<u>3,629</u>	<u>44,049</u>	<u>47,678</u>
Accumulative Depreciation			
Balance at 1 January 2013	-	(14,028)	(14,028)
Charge for the year	-	(9,289)	(9,289)
Balance at 31 December 2013	<u>-</u>	<u>(23,317)</u>	<u>(23,317)</u>
Net book amount			
At 31 December 2013	<u>3,629</u>	<u>20,732</u>	<u>24,361</u>
At 31 December 2012	<u>3,687</u>	<u>28,059</u>	<u>31,746</u>

10. Stocks

	2013 EURO'000	2012 EURO'000
Trading stocks		
Gas at market value (2013: cost EURO 171,046,875; 2012: cost EURO 254,207,704)	<u>180,315</u>	<u>265,905</u>

11. Debtors

	2013 Within 1 Year EURO'000	2012 Within 1 Year EURO'000
Trade debtors	2,905,490	3,871,948
Amounts owed by Group undertakings:		
Fellow subsidiary undertakings	1,177,515	1,191,907
Tax receivable	5,039	-
Prepayments and accrued Income	14,475	30,721
Total	<u>4,102,519</u>	<u>5,094,576</u>

SHELL ENERGY EUROPE LIMITED
NOTES TO THE ACCOUNTS (continued)
For the year ended 31 December 2013

11. Debtors (continued)

- a) Included within Debtors are Derivative financial instrument balances of EURO 2,118,186,972 (2012: EURO 2,926,012,021). See note 15.
- b) The amounts owed by Group undertakings includes EURO 623,074,781 (2012: EURO 548,249,859) 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.

The Company has accrued for the estimated settlement of price review clauses within certain gas contracts. The Company is actively negotiating settlement of such items and as such further disclosure is not made as the Directors consider it may prejudice the outcome of such negotiations.

12. Creditors: Amounts falling due within one year

	2013 EURO'000	2012 EURO'000
Trade creditors	2,151,266	3,027,581
Amounts owed to Group undertakings:		
Fellow subsidiary undertakings	555,101	685,111
Taxation and social security	-	12,696
Accruals and deferred income	607,363	608,416
	<u>3,313,730</u>	<u>4,333,804</u>

The amounts owed to Group undertakings within amounts falling due within one year includes EURO 2,513,855 (2012: EURO 704,413) of interest-bearing liabilities (interest payable is disclosed in note 4).

Included within Creditors are Derivative financial instrument balances of EURO 2,130,982,866 in 2013 (2012: EURO 2,878,658,406). See note 15.

The Company has accrued for the estimated settlement of price review clauses within certain gas contracts. The Company is actively negotiating settlement of such items and as such further disclosure is not made as the Directors consider it may prejudice the outcome of such negotiations.

13. Provisions for liabilities and charges

	EURO'000
Balance at 1 January 2013	1,552
Additions	-
Reversal	(1,552)
Balance at 31 December 2013	<u>-</u>

SHELL ENERGY EUROPE LIMITED
NOTES TO THE ACCOUNTS (continued)
For the year ended 31 December 2013

13. Provisions for liabilities and charges (continued)

Provision for deferred tax

The amount set aside for deferred tax represents the timing differences between the recognition of items of income and expenditure for accounting and tax purposes for the years up to and including 2013.

The provision comprises

	2013 EURO'000	2012 EURO'000
Provision for deferred tax		
Accelerated capital allowances	(695)	(1,882)
Total provision for deferred tax	(695)	(1,882)

	2013 EURO'000	2012 EURO'000
Balance at 1 January	(1,882)	(2,813)
Deferred tax credit in profit and loss account	1,094	752
Impact of tax rate change	93	179
Balance at 31 December	(695)	(1,882)

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

14. Called up share capital

	2013 EURO'000	2012 EURO'000
Authorised		
933,000,000 (2012: 933,000,000) ordinary shares of EURO 1 each	933,000	933,000
Allotted, called-up and fully paid		
933,000,000 (2012: 933,000,000) ordinary shares of EURO 1 each	933,000	933,000

SHELL ENERGY EUROPE LIMITED**NOTES TO THE ACCOUNTS (continued)****For the year ended 31 December 2013****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 2013 and the amounts included in the profit and loss account during 2013 were as follows:

	Fair value Assets EURO'000	Fair value Liabilities EURO'000	Unrealised Gain/(Loss) EURO'000
Commodity physical contracts	2,055,924	(2,040,409)	39,579
Commodity swaps	22,821	(29,484)	(10,559)
Commodity options	10,180	(16,075)	(13,008)
Commodity futures	12,553	(12,470)	365
Foreign exchange contracts	16,709	(32,545)	(76,526)
	<u>2,118,187</u>	<u>(2,130,983)</u>	<u>(60,149)</u>

The fair value of instruments held by the Company as at 31 December 2012 and the amounts included in the profit and loss account during 2012 were as follows:

	Fair value Assets EURO'000	Fair value Liabilities EURO'000	Unrealised Gain/(Loss) EURO'000
Commodity physical contracts	2,795,142	(2,819,205)	(14,955)
Commodity swaps	33,042	(29,146)	(54,178)
Commodity options	26,733	(19,620)	(8,066)
Commodity futures	9,794	(10,076)	8,384
Foreign exchange contracts	61,301	(611)	40,520
	<u>2,926,012</u>	<u>(2,878,658)</u>	<u>(28,295)</u>

16. Dividends

	2013 EURO'000	2012 EURO'000
Equity – Ordinary		
Dividend paid: EURO 0.14 (2012: EURO 0.15) per EURO 1 share	128,518,000	139,564,000

SHELL ENERGY EUROPE LIMITED
NOTES TO THE ACCOUNTS (continued)
For the year ended 31 December 2013

17. Reconciliation of movements in shareholder's funds

	Profit and loss account EURO '000	Called up share capital EURO '000	Shareholder's funds EURO '000
At 1 January 2012	139,564	933,000	1,072,564
Profit for the financial year	128,518	-	128,518
Dividends paid	(139,564)	-	(139,564)
At 1 January 2013	128,518	933,000	1,061,518
Profit for the financial year	61,083	-	61,083
Dividends paid	(128,518)	-	(128,518)
At 31 December 2013	61,083	933,000	994,083