

**SHELL VENTURES NEW ZEALAND LIMITED**

**DIRECTORS' REPORT**

**AND ACCOUNTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

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## **SHELL VENTURES NEW ZEALAND LIMITED**

### **DIRECTORS' REPORT**

The Directors present their report and audited accounts for the year ended 31 December 2012

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

Shell Ventures New Zealand 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.

### **PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS**

The principal activities of Shell Ventures New Zealand Limited are to act as a holding and financing company to other companies of the Shell Group. The Company will continue with these activities for the foreseeable future.

The Company's profit for the financial year decreased from NZ \$96,085,676 to NZ \$1,209,000. In the prior year a dividend from subsidiary undertakings of NZ \$ 100,000,000 was received, however no dividends were received in the current year.

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

#### **Dividends**

Interim dividends of NZ \$50,000,000 (2011 NZ \$50,000,000) were paid in the year.

#### **Future outlook**

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

#### **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 plc ("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 13 to 15 of Royal Dutch Shell's Annual Report and Form 20-F for the year ended 31 December 2012 (the "Group Report"), include those of the Company. (The Group Report does not form part of this report).

## **SHELL VENTURES NEW ZEALAND LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **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 20 to 41 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.

#### **DIRECTORS**

The Directors of the Company who served throughout the year and to the date of this report (except as noted) were

H Jones	Appointed 7 June 2012	Resigned 13 June, 2013
A J D Enever	Appointed 25 October 2012	
J R Crossman		
J Connell	Resigned 12 December 2012	
N Mead	Appointed 22 August 2013	
V Kuleshov	Resigned 6 July 2012	

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Directors are responsible for preparing the Directors' Report and the Company's accounts in accordance with applicable law and regulations.

Company law requires the Directors to prepare accounts for each financial year. Under that law the Directors have elected to prepare the Company's accounts 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 accounts 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 those accounts, the Directors are required to

- Select suitable accounting policies and then apply them consistently,
- Make judgements and 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 accounts, 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 accounts 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.

**SHELL VENTURES NEW ZEALAND LIMITED**

**DIRECTORS' REPORT (continued)**

**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

A handwritten signature in black ink, appearing to be 'G Thomson', with a large loop at the end.

G Thomson  
Authorised signatory for  
Shell Corporate Secretary Limited  
Company Secretary  
12<sup>th</sup> September, 2013

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF**

### **SHELL VENTURES NEW ZEALAND LIMITED**

We have audited the accounts of Shell Ventures New Zealand Limited for the year ended 31 December 2012 which comprise the profit and loss account, the balance sheet, and the related notes. 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).

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 2 the Directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the accounts 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 member 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 accounts**

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts 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 accounts. In addition, we read all the financial and non-financial information in the Director's report and accounts to identify material inconsistencies with the audited accounts. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on accounts**

In our opinion the accounts

- give a true and fair view of the state of the company's affairs as at 31 December 2012 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.

#### **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 accounts are prepared is consistent with the accounts.

#### **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, or returns adequate for our audit have not been received from branches not visited by us, or
- the Company accounts 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.



Lorraine Quinn (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Glasgow

/2 September, 2013

**SHELL VENTURES NEW ZEALAND LIMITED****PROFIT AND LOSS ACCOUNT****For the period ended 31 December 2012****Continuing operations**

	Note	2012 NZ \$000	2011 NZ \$000
Income from shares in subsidiary undertakings		-	100,000
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION</b>		-	100,000
Interest receivable and similar income	2	1,678	2,632
Interest payable and similar charges	3	(78)	-
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	4	1,600	102,632
Tax on profit on ordinary activities	5	(391)	(6,547)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		1,209	96,085

There is no material difference between the profit on ordinary activities before taxation and the profit for the year stated above and their historical cost equivalents

There were no recognised gains and losses other than the profit for the current year and the prior year and accordingly a statement of total recognised gains and losses has not been presented

**SHELL VENTURES NEW ZEALAND LIMITED**  
**REGISTERED IN ENGLAND AND WALES: 5653928**  
**BALANCE SHEET**  
**As at 31 December 2012**

	Note	2012 NZ \$000	2011 NZ \$000
<b>FIXED ASSETS</b>			
Investments	6	8,000	8,000
<b>CURRENT ASSETS</b>			
Debtors – amounts falling due within one year	7	52,538	109,256
<b>CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	8	(381)	(8,308)
<b>NET CURRENT ASSETS</b>		<u>52,157</u>	<u>100,948</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>60,157</u>	<u>108,948</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	1	1
Profit and loss account	11	<u>60,156</u>	<u>108,947</u>
<b>TOTAL SHAREHOLDER'S FUNDS</b>	11	<u>60,157</u>	<u>108,948</u>

The accounts on pages 5 to 12 were approved by the Board of Directors on 12<sup>th</sup> September, 2013 and were signed on its behalf by



N Mead  
Director

# **SHELL VENTURES NEW ZEALAND LIMITED**

## **NOTES TO THE ACCOUNTS**

**For the year ended 31 December 2012**

### **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, 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 2012

#### **b) Group accounts**

Group accounts of the Company and its subsidiary undertaking have not been prepared. The Company is exempt from the requirement to prepare group accounts under the provisions of Section 400 of the Companies Act 2006. The accounts present information about the Company as an individual undertaking and not about its group.

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 largest group of undertakings to consolidate these accounts at 31 December 2012. The consolidated accounts of Royal Dutch Shell plc are available from

Royal Dutch Shell plc  
Tel +31 888 800 844  
email [order@shell.com](mailto:order@shell.com)

#### **c) Fixed asset investments**

These comprise investments in shares that the Company intends to hold on a continuing basis. The investments are stated at cost, less provisions for impairment. The Company carries out a review for the potential impairment of an investment if events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. Such impairment reviews are performed in accordance with Financial Reporting Standard ("FRS") 11. Any impairments are recorded in the profit and loss account.

#### **d) Income from shares in Group undertakings**

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

#### **e) 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 the 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 VENTURES NEW ZEALAND LIMITED**

## **NOTES TO THE ACCOUNTS (continued)**

**For the year ended 31 December 2012**

### **1 Accounting policies (Continued)**

#### **f) Foreign currency translation**

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

Monetary assets and liabilities recorded in foreign currencies have been expressed in NZ Dollars 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 when the fair value was determined No subsequent translations are made once this has occurred

The exchange rate at 31 December 2012 was 1NZ \$ = £0 5088 (2011 1NZ \$ = £0 5008)

#### **g) Netting-off policy**

Balances 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

#### **h) Cash flow statement**

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

#### **i) 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

### **2 Interest receivable and similar income**

	<b>2012</b>	<b>2011</b>
	<b>NZ \$000</b>	<b>NZ \$000</b>
Interest from Group undertakings		
Fellow subsidiary undertakings	1,678	1,835
Profit on currency translation	-	797
	<u>1,678</u>	<u>2,632</u>

**SHELL VENTURES NEW ZEALAND LIMITED**

**NOTES TO THE ACCOUNTS (continued)**

**For the year ended 31 December 2012**

**3 Interest payable and similar charges**

	<b>2012</b> <b>NZ \$000</b>	<b>2011</b> <b>NZ \$000</b>
Loss on currency translation	<u>78</u>	<u>-</u>

**4 Profit on ordinary activities before taxation**

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

	<b>2012</b> <b>NZ \$000</b>	<b>2011</b> <b>NZ \$000</b>
Currency Translation		
Financing	<u>78</u>	<u>(797)</u>

Audit fees of GBP 23,479 (2011 GBP 25,865) were paid by other entities in the Shell Group of companies on behalf of the Company

Fees paid to PricewaterhouseCoopers LLP and its associates for non-audit services to the Company itself are not disclosed in the individual accounts of Shell Ventures New Zealand Limited because the Company's consolidated accounts are required to disclose such fees on a consolidated basis

None of the directors received any emoluments (2011 none) in respect of their services to the Company

The Company had no employees during 2012 (2011 None)

**5 Tax on profit on ordinary activities**

The charge for the year of NZ \$391,140 (2011 NZ \$6,546,371) is made up as follows

	<b>2012</b> <b>NZ \$000</b>	<b>2011</b> <b>NZ \$000</b>
UK corporation tax at the standard rate of 24.5% (2011 26.5%)	391	890
Adjustments in respect of prior years	-	2
Tax imposed outside of the UK	<u>-</u>	<u>5,655</u>
Total tax charge	<u>391</u>	<u>6,547</u>

The tax assessed for the year differs from the standard effective rate of corporation tax in the UK of 24.5% (2011 26.5%) The differences are explained overleaf

**SHELL VENTURES NEW ZEALAND LIMITED**

**NOTES TO THE ACCOUNTS (continued)**

**For the year ended 31 December 2012**

**5 Tax on profit on ordinary activities (continued)**

	<b>2012</b> <b>NZ \$000</b>	<b>2011</b> <b>NZ \$000</b>
Profit on ordinary activities before tax	(1,600)	(102,632)
Tax on profit on ordinary activities at standard UK corporation tax rate of 24.5% (2011: 26.5%)	392	27,198
Effects of		
Income not assessable	(1)	(26,500)
Expenses not deductible	-	192
Tax imposed outside the UK	-	5,655
Adjustments in respect of prior years	-	2
Current tax charge for the year	391	6,547

The corporation tax rate for non-upstream companies was 24.5% for current tax in the year to 31 December 2012 (2011: 26.5%)

**Factors affecting current and future tax charges**

Changes to the UK corporation tax rate were announced in the March 2012 Budget, including a reduction to the UK main corporation tax rate from 26% to 24% which became effective on 1 April 2012 and was substantively enacted on 26 March 2012. A further reduction to 23% is effective from 1 April 2013 and was substantively enacted on 3 July 2012.

The March 2013 Budget announced further changes reducing the UK corporation tax rate to 21% effective from 1 April 2014 and to 20% from 1 April 2015 which were substantively enacted on 2nd July 2013.

**6 Fixed assets - Investments**

	<b>Shares in group undertakings NZ \$000</b>
<b>Cost and net book value</b>	
Balance at 1 January and 31 December 2012	8,000

The investment relates to a holding of ordinary and redeemable preference shares in Shell Investments NZ Limited, a company engaged in oil and gas exploration and production in New Zealand.

The directors believe that the carrying value of the investment is supported by its underlying net assets or discounted cash flows.

**SHELL VENTURES NEW ZEALAND LIMITED**

**NOTES TO THE ACCOUNTS (continued)**

**For the year ended 31 December 2012**

**6 Fixed assets – Investments (continued)**

Information pursuant to SI 2008/410 Schedule 4 is as follows

	<b>Country of incorporation</b>	<b>Principal activity</b>	<b>% of shares held directly</b>
Shell Investments NZ Limited*	New Zealand	Exploration and production	100%

\*1,165,000 ordinary shares and 100,000,000 redeemable preference shares

**7 Debtors**

	<b>2012 Within 1 Year NZ \$000</b>	<b>2011 Within 1 Year NZ \$000</b>
Amounts owed by Group undertakings		
Fellow subsidiary undertakings	<u>52,538</u>	<u>109,256</u>

**8 Creditors: amounts falling due within one year**

	<b>2012 NZ \$000</b>	<b>2011 NZ \$000</b>
Tax and social security	<u>381</u>	<u>8,308</u>

**9 Called up share capital**

	<b>2012 NZ \$000</b>	<b>2011 NZ \$000</b>
Authorised		
61,090,786 (2011 61,090,786) ordinary shares of NZ \$1 each	<u>61,091</u>	<u>61,091</u>
Allotted, called up and fully paid		
1,000 (2011 1,000) ordinary shares of NZ \$1 each	<u>1</u>	<u>1</u>

**SHELL VENTURES NEW ZEALAND LIMITED****NOTES TO THE ACCOUNTS (continued)****For the year ended 31 December 2012****10 Dividends**

An interim dividends of NZ \$50,000,000 were paid during the year (2011 NZ \$50,000,000)

**11 Reconciliation of movements in reserves and shareholder's funds**

	<b>Profit and loss account NZ \$000</b>	<b>Share capital NZ \$000</b>	<b>Shareholder's funds NZ \$000</b>
At 1 January 2011	62,862	1	62,863
Profit for the year	96,085	-	96,085
Dividends paid	(50,000)	-	(50,000)
At 1 January 2012	108,947	1	108,948
Profit for the year	1,209	-	1,209
Dividends paid	(50,000)	-	(50,000)
At 31 December 2012	60,156	1	60,157