

Registered in England and Wales 5653928

**SHELL VENTURES NEW ZEALAND LIMITED**

**DIRECTORS' REPORT**

**AND ACCOUNTS**

**FOR THE YEAR ENDED 31 DECEMBER 2009**

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## **SHELL VENTURES NEW ZEALAND LIMITED**

### **DIRECTORS' REPORT**

The Directors submit their annual report and audited accounts for the year ended 31 December 2009

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

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

The principal activities of the Company are to act as a holding and financing company to other companies of the Shell Group

The Company's profit for the financial year decreased from NZ \$387,997,000 to NZ \$301,236,000. This was principally due to a decrease in the interest receivable on loan balances as global interest rates fell throughout 2009. The Company received dividends of NZ \$282,353,000 (2008: NZ \$295,000,000).

#### **Dividends**

Interim dividends of NZ \$303,000,000 (2008: NZ \$500,000,000) were paid in the year.

On 8 April 2010, an interim dividend of NZ \$800,000,000 was paid to the shareholders of the Ordinary shares registered in the books of the Company at 31 March 2010.

On 28 April 2010, it was proposed to pay a further interim dividend of NZ \$738,909,214, payable on 29 April 2010 to the shareholders of the Ordinary shares registered in the books of the Company.

#### **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 page 13 to 15 of Royal Dutch Shell's Annual Report and Form 20-F for the year ended 31 December 2009 (the "Group Report") include those of the Company. (The Group Report does not form part of this report).

#### **Key performance indicators**

The Shell group of companies consists of the upstream businesses of Exploration and Production and 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 10 to 48 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).

**SHELL VENTURES NEW ZEALAND LIMITED**  
**DIRECTORS' REPORT**

**DIRECTORS**

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

J R Crossman  
V Kuleshov  
K White

**POST BALANCE SHEET EVENTS**

Refer to Note 11 "Post balance sheet events"

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Directors are responsible for preparing the Annual Report and the 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 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 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 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)**

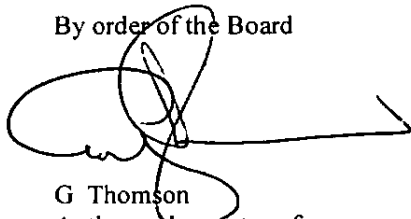
**DISCLOSURE OF INFORMATION TO AUDITORS**

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.

**INDEPENDENT AUDITORS**

The auditors, PricewaterhouseCoopers LLP, have expressed their willingness to continue in office as auditors of the Company and a resolution proposing their reappointment will be put to the member at the annual general meeting.

By order of the Board

A handwritten signature in black ink, appearing to be 'G Thomson', written over a circular stamp or seal.

G Thomson  
Authorised signatory for  
Shell Corporate Secretary Limited  
Company Secretary  
19 May 2010

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF SHELL VENTURES NEW ZEALAND LIMITED**

We have audited the financial statements of Shell Ventures New Zealand Limited 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 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 Directors' Responsibilities Statement set out on page 2, 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 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.

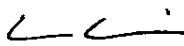
### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the 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, or returns adequate for our audit have not been received from branches not visited by us, or
- The financial statements are not in agreement with the accounting records and returns, or
- Certain disclosures of directors' remuneration specified by law are not made, or
- We have not received all the information and explanations we require for our audit.

  
Lorraine Quinn Senior Statutory Auditor,  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Glasgow  
25 May 2010

**SHELL VENTURES NEW ZEALAND LIMITED****PROFIT AND LOSS ACCOUNT****For the year ended 31 December 2009****Continuing operations**

	<b>Note</b>	<b>2009 NZ \$000</b>	<b>2008 NZ \$000</b>
Income from shares in subsidiary undertakings		282,353	295,000
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST</b>		282,353	295,000
Other interest receivable and similar income	2	85,875	191,695
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAX</b>		368,228	486,695
Tax on profit on ordinary activities	4	(66,992)	(98,698)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		301,236	387,997

The reported profit on ordinary activities and the amount retained for the year are presented on a historical cost basis


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****BALANCE SHEET****As at 31 December 2009**

	Note	2009 NZ \$000	2008 NZ \$000
<b>FIXED ASSETS</b>			
Investments	5	8,000	8,000
<b>CURRENT ASSETS</b>			
Debtors- amounts falling due within one year	6	158,745	182,385
Debtors- amounts falling due after more than one year	6	1,473,910	1,473,910
Cash at bank and on hand		-	32,930
		<u>1,632,655</u>	<u>1,689,225</u>
<b>CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	7	(63,414)	(118,220)
<b>NET CURRENT ASSETS</b>		<u>1,569,241</u>	<u>1,571,005</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,577,241</u>	<u>1,579,005</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	8	1,538,910	1,538,910
Profit and loss account	9	<u>38,331</u>	<u>40,095</u>
<b>TOTAL SHAREHOLDER'S FUNDS</b>	9	<u>1,577,241</u>	<u>1,579,005</u>

The accounts on pages 5 to 12 were approved by the Board of Directors on 19 May 2010 and were signed on its behalf by

V Kuleshov  
Director



# **SHELL VENTURES NEW ZEALAND LIMITED**

## **NOTES TO THE ACCOUNTS**

**For the year ended 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, in accordance with the Companies Act 2006, applicable Accounting Standards in the UK, and the accounting policies as described below

The accounting policies have been consistently applied. There have been no changes in accounting policies in 2009.

#### **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 consolidated 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 is Royal Dutch Shell plc, which is incorporated in the UK.

Royal Dutch Shell plc is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2009. The consolidated financial statements of Royal Dutch Shell plc are available from

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

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

These comprise investments in shares that the Directors intend to hold on a continuing basis in the Company's business. 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. Impairments thus arising are recorded in the profit and loss account.

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

Income from shares in Group undertakings and participating undertakings represents dividends, relating to the current year and prior periods, provided that the Company has approved the dividend.



**SHELL VENTURES NEW ZEALAND LIMITED**

**NOTES TO THE ACCOUNTS (Continued)**

**For the year ended 31 December 2009**

**1 Accounting policies (Continued)**

**e) 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

**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 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

The exchange rate at 31 December 2009 was 1NZ \$ = £0 4502 (2008 1NZ \$ = £0 4011)

**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 other member companies of the Shell Group or investees of the Group qualifying as related parties

**SHELL VENTURES NEW ZEALAND LIMITED**

**NOTES TO THE ACCOUNTS (Continued)**

**For the year ended 31 December 2009**

**2 Other interest receivable and similar income**

	<b>2009</b>	<b>2008</b>
	<b>NZ \$000</b>	<b>NZ \$000</b>
Interest from Group undertakings		
Fellow subsidiary undertakings	77,682	181,327
Profit on currency translation	8,193	10,368
	<u>85,875</u>	<u>191,695</u>

**3 Profit on ordinary activities before taxation**

Profit on ordinary activities before taxation is stated after crediting the following

	<b>2009</b>	<b>2008</b>
	<b>NZ \$000</b>	<b>NZ \$000</b>
Currency Translation		
Financing	(8,193)	(10,368)

Audit fees of NZ \$50,579 (2008 NZ \$71,000) 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 consolidated accounts of Royal Dutch Shell plc are required to disclose non-audit fees on a consolidated basis

The directors did not receive any emoluments in respect of their services to the Company (2008 NZ \$Nil)

The Company had no employees during 2009 (2008 None)

**SHELL VENTURES NEW ZEALAND LIMITED****NOTES TO THE ACCOUNTS (Continued)****For the year ended 31 December 2009****4 Tax on profit on ordinary activities**

The charge for the year of NZ \$66,992,000 (2008 NZ \$98,698,000) is made up as follows

	<b>2009</b> <b>NZ \$000</b>	<b>2008</b> <b>NZ \$000</b>
UK corporation tax at the standard rate of 28% (2008 28.5%)	20,870	52,470
Adjustments in respect of prior years	3,769	(18)
Tax imposed outside of the UK	42,353	46,246
Total tax charge	<u>66,992</u>	<u>98,698</u>

The tax assessed for the year differs from the standard rate of UK corporation tax rate of (28%)  
The differences are explained below

	<b>2009</b> <b>NZ \$000</b>	<b>2008</b> <b>NZ \$000</b>
Profit on ordinary activities before tax	(368,228)	(486,695)
Tax on profit on ordinary activities at standard UK corporation tax rate of 28% (2008 28.5%)	<u>103,104</u>	<u>138,708</u>
Effects of		
Income not assessable	(81,826)	(84,075)
Tax imposed outside of the UK	42,353	46,246
Adjustments in respect of prior years	3,769	(18)
Other differences	<u>(408)</u>	<u>(2,163)</u>
Current tax charge for the year	<u>66,992</u>	<u>98,698</u>

The corporation tax rate for non-upstream companies was 28% for current tax in the year to 31 December 2009

**SHELL VENTURES NEW ZEALAND LIMITED**

**NOTES TO THE ACCOUNTS (Continued)**

**For the year ended 31 December 2009**

**5 Fixed assets - Investments**

**Shares in  
group  
undertakings  
NZ \$000**

**Cost and net book value**

Balance at 1 January and 31 December 2009 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. 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 redeemable preference shares

**6 Debtors**

	<b>2009 Within 1 Year NZ \$000</b>	<b>2009 Over 1 Year NZ \$000</b>	<b>2008 Within 1 Year NZ \$000</b>	<b>2008 Over 1 Year NZ \$000</b>
Amounts owed by Group undertakings				
Fellow subsidiary undertakings	158,745	1,473,910	182,385	1,473,910
	<u>1,632,655</u>		<u>1,656,295</u>	

The amount owed by the fellow subsidiary undertakings after more than 1 year is accruing at the following interest rates

NZ \$1,200,000,000 at 3 month NZD LIBOR plus 0.88% margin, receivable on 25 September 2014

NZ \$273,910,000 at 3 month NZD LIBOR plus 2.19% margin, receivable on 17 December 2012

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

	<b>2009 NZ \$000</b>	<b>2008 NZ \$000</b>
Amounts owed to Group undertakings		
Parent undertaking	-	32,481
Tax and social security	63,414	85,657
Other creditors	-	82
	<u>63,414</u>	<u>118,220</u>

**SHELL VENTURES NEW ZEALAND LIMITED**

**NOTES TO THE ACCOUNTS (Continued)**

**For the year ended 31 December 2009**

**8 Called up share capital**

	2009 NZ \$000	2008 NZ \$000
Authorised		
1,600,000,000 (2008 1,600,000,000) ordinary shares of NZ \$1 each	1,600,000	1,600,000
Allotted, called up and fully paid		
1,538,910,214 (2008 1,538,910,214) ordinary shares of NZ \$1 each	1,538,910	1,538,910

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

	Share capital NZ \$000	Profit and loss account NZ \$000	Shareholder's funds NZ \$000
At 1 January 2008	1,538,910	152,098	1,691,008
Profit for the year	-	387,997	387,997
Dividends paid	-	(500,000)	(500,000)
At 1 January 2009	1,538,910	40,095	1,579,005
Profit for the year	-	301,236	301,236
Dividends paid	-	(303,000)	(303,000)
At 31 December 2009	1,538,910	38,331	1,577,241

**10 Dividends**

Interim dividends of NZ \$303,000,000 were paid during the year (2008 NZ \$500,000,000)

**11 Post balance sheet events**

On 30 March 2010, the share capital of the Company was reduced by cancelling and extinguishing 1,538,909,214 issued Ordinary shares of NZ \$1 each thereby creating additional distributable reserves of NZ \$1,538,909,214. Following the reduction of capital the Company's share capital is NZ \$61,090,786 divided into 61,090,786 Ordinary shares of NZ \$1 each of which 1,000 are in issue.

On 8 April 2010, an interim dividend of NZ \$800,000,000 was paid to the shareholders of the Ordinary shares registered in the books of the Company at 31 March 2010.

On 28 April 2010, it was proposed to pay a further interim dividend of NZ \$738,909,214, payable on 29 April 2010 to the shareholders of the Ordinary shares registered in the books of the Company.

