

Registration number: 05653928

# Shell Ventures New Zealand Limited

Annual Report

and

Financial Statements

For the year ended 31 December 2021



## **Shell Ventures New Zealand Limited**

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## **Shell Ventures New Zealand Limited**

### **Strategic report for the year ended 31 December 2021**

The Directors present their Strategic report on Shell Ventures New Zealand Limited (also referred to as the "Company") for the year ended 31 December 2021.

The Company is one of the entities within the "Shell Group". In this context the term "Shell Group" and "Companies of the Shell Group" or "Group companies" means companies where Shell plc (formerly Royal Dutch Shell plc), either directly or indirectly, is exposed to, or has rights to, variable returns from its involvement with the Company and has the ability to affect those returns through its power over the Company. Companies in which Group companies have significant influence but not control are classified as "Associated companies". 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 "Shell plc" are sometimes used for convenience where references are made to Shell plc and its subsidiaries in general. These expressions are also used where no useful purpose is served by identifying the particular company or companies.

#### **Business review**

The principal 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 year decreased from NZ\$ 81,632,000 to Nil. This was principally due to no dividend received in 2021 (2020: NZ\$ 81,625,000).

Management has assessed that there are indicators of impairment in the investments held by the Company as a result of revised medium- and long-term price outlook assumptions in response to the energy market demand and supply fundamentals as well as the COVID-19 pandemic and macroeconomic conditions. Management has therefore performed impairment testing during the current financial year and no impairment charge was identified.

In 2021, the Company has applied a post-tax WACC as the basis to discount the estimated risk adjusted future cash flows. The post-tax WACC applied in 2021 was 6.5% for all businesses except for Power (5%). Prior to 2021 the rate used by Shell was based on a pre-tax discount rate reflecting the marginal cost of debt, current market assessments of the time value of money and residual risk (2021:6%; 2020: 6%). The change to use a post-tax WACC discount rate is not material to the impairment assessments performed in 2021 and it is not expected to result in a different outcome in future periods.

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

## **Shell Ventures New Zealand Limited**

### **Strategic report for the year ended 31 December 2021 (continued)**

#### **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 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 Shell Group. Accordingly, the principal risks and uncertainties of the Shell Group, which are discussed on pages 22 to 33 of Shell's Annual Report for the year ended 31 December 2021 (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, Integrated Gas and New Energies, 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 38 to 74 of the Group Report and the key performance indicators through which the Group's performance is measured are as set out on pages 36 to 37 of the Group Report.

#### **Going concern**

In determining the appropriate basis of preparation of the Financial Statements, the Directors are required to consider whether the Company can continue in operational existence over the period to 30 September 2023 (the 'going concern period'). The Directors have considered the potential risks and uncertainties relating to COVID-19 on the Company's business, credit, market, and liquidity position. Based on the above, together with the Directors knowledge and experience of the market, the Directors continue to adopt the going concern basis in preparing the accounts for the year ended 31 December 2021.

**Shell Ventures New Zealand Limited**

**Strategic report for the year ended 31 December 2021 (continued)**

**Section 172(1) statement/Statement of stakeholder interests**

The Companies (Miscellaneous Reporting) Regulations 2018 ('2018 MRR') require Directors to explain how they considered the interests of key stakeholders and the broader matters set out in section 172(1) (a) to (f) of the Companies Act 2006 ('S172') when performing their duty to promote the success of the Company under S172. This includes considering the interest of other stakeholders which may affect the long-term success of the Company.

This Section 172 Statement, explains how the Directors have acted in the way they consider, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (among other matters) to:


- the likely consequences of any decision in the long term and the impact of the Company's operations on the community and the environment,
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- employee interests, the need to foster the Company's business relationships with suppliers, customers, and others, and the effect of that regard, including on the principal decisions taken by the Company during the financial year.

Ahead of matters being put to the Company Board for consideration, significant levels of engagement are often undertaken by the broader business ahead of many of Shell projects or activities. This engagement is often governed by formulated policies, control frameworks, regulation, legislation and may differ by region. Dependent on the project or activity, Board members may participate in this engagement.

The Company is a member of the Shell Group, an organisation which follows a highly developed and formalised governance and oversight framework, which includes but is not limited to Group policies such as the Shell General Business Principles (which sets out the Shell Group's responsibilities to shareholders, customers, employees, business partners and society) and the Shell Code of Conduct.

The strategy of the Company is considered to be derived from those of the Shell Group, which is discussed on pages 10 - 15 of the Shell plc 2021 Annual Report. The Shell Group internally organises its activities principally along business and function lines but transacts its business through legal entities. This organisation structure is designed to achieve Shell's overall business objectives, whilst respecting the separate legal identity of the individual Shell companies through which it is implemented and the independence of each legal entity's Board of Directors.

Approved by the Board on 9/10/2022 ..... and signed on its behalf by:

DocuSigned by:  
  
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N. Rooney  
Director

**Shell Ventures New Zealand Limited**

**Directors' report for the year ended 31 December 2021**

The Directors present their report and the financial statements for the year ended 31 December 2021.

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

**Dividend**

The Company paid no dividend in the year 2021 (2020 : NZ\$ 81,623,000).

**Future Outlook**

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

**Directors of the Company**

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

D. Khosla

N. Rooney

**Financial risk management**

The Company's Directors are required to follow the requirements of Shell Group risk management policies, which include specific guidelines on the management of market, credit and liquidity risk; and advice on the use of financial instruments to manage them. Shell Group risk management policies can be found in the Group Report (see pages 202 to 204 and note 20).

**Shell Ventures New Zealand Limited**

**Directors' report for the year ended 31 December 2021 (continued)**

**Streamlined Energy and Carbon Reporting**

The Directors are aware of the requirements for large UK companies to report on their UK energy use and carbon emissions. The Company's energy usage and greenhouse gas emissions form part of the overall Shell Group results. The climate change and energy transition strategy and disclosures are discussed on pages 75 to 98 of the Group Report with greenhouse gas emissions and energy usage being set out on pages 97 to 98.

**Events after the end of the reporting period**

On 21 January 2022, the ultimate parent Company changed its name from Royal Dutch Shell plc to Shell plc.

Also Russia's recent invasion of Ukraine poses wide-ranging challenges. Given the evolving situation, there are many unknown factors and events that could materially impact our operations. These events have and continue to impact credit risks including those related to receivables, treasury and other factors. Any of these factors, individually or in aggregate, could have a material effect on our earnings, cash flows and financial condition.

**Shell Ventures New Zealand Limited**

**Directors' report for the year ended 31 December 2021 (continued)**

**Statement of Directors' responsibilities**

The Directors acknowledge their responsibilities for preparing the Strategic report, Directors' report and the Company's financial statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Disclosure of information to the auditor**

Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.




**Shell Ventures New Zealand Limited**

**Directors' report for the year ended 31 December 2021 (continued)**

**Statement of Directors' responsibilities (continued)**

Approved by the Board on ..... 9/10/2022 ..... and signed on its behalf by:

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.....2F1588178A284F5.....  
N. Rooney  
Director

## **Independent Auditor's report to the Member of Shell Ventures New Zealand Limited**

### **Opinion**

We have audited the financial statements of Shell Ventures New Zealand Limited (the "Company") for the year ended 31 December 2021, which comprise the Profit and loss account, the Balance sheet, the Statement of changes in equity, and the related notes 1 to 13, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2021 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the period up to 30 September 2023.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

## **Independent Auditor's report to the Member of Shell Ventures New Zealand Limited (continued)**

### **Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or Directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## **Independent Auditor's report to the Member of Shell Ventures New Zealand Limited (continued)**

### **Responsibilities of Directors**

As explained more fully in the Statement of Directors' responsibilities set out on page 6, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting framework (FRS 101 "Reduced Disclosure Framework", Companies Act 2006, Bribery Act 2010, Companies (Miscellaneous Reporting) Regulation 2018 and relevant tax compliance regulations in the jurisdictions in which the Company operates, including the United Kingdom).
- We understood how the Company is complying with those frameworks and Shell group policies by making enquiries of management, those responsible for legal and compliance procedures and the Company Secretary. We corroborated our enquiries through the review of the following documentation:

**Independent Auditor's report to the Member of Shell Ventures New Zealand Limited (continued)**

- all minutes of board meetings held during the year;
  - the Shell group's code of conduct setting out the key principles and requirements for all staff in relation to compliance with laws and regulations;
  - any relevant correspondence with local tax authorities;
  - and any relevant correspondence received from regulatory bodies
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the controls that the Company established to address risks identified by the entity or that otherwise seek to prevent, deter or detect fraud. We gained an understanding of the entity level controls and policies that the Company applies being part of the Shell group.
- Based on the results of our risk assessment we designed our audit procedures to identify non-compliance with such laws and regulations identified above. Our procedures involved testing of journal entries, with a focus on journals indicating large or unusual transactions or meeting our defined risk criteria based on our understanding of the business, enquiries of legal counsel and management, review of internal audit reports and of the volume and nature of complaints received by the whistleblowing hotline during the year relevant to the Company.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the Company's member, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member as a body, for our audit work, for this report, or for the opinions we have formed.

*Ernst & Young LLP*

.....  
Neil Warnock (Senior Statutory Auditor)  
For and on behalf of Ernst & Young LLP, Statutory Auditor  
Belfast

13 September 2022  
Date:.....

# **Shell Ventures New Zealand Limited**

## **Profit and loss account for the year ended 31 December 2021**

### **Continuing operations**

	Note	2021 NZ\$ 000	2020 NZ\$ 000
Income from shares in subsidiary undertakings		-	81,625
<b>OPERATING PROFIT</b>		-	<b>81,625</b>
Interest receivable and similar income	3	4	11
Interest payable and similar charges	4	(4)	-
<b>PROFIT BEFORE TAXATION</b>		-	<b>81,636</b>
Tax on profit	7	-	(4)
<b>PROFIT FOR THE YEAR</b>		-	<b>81,632</b>

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

**Shell Ventures New Zealand Limited**

**(Registration number: 05653928)**  
**Balance sheet as at 31 December 2021**

	Note	2021 NZ\$ 000	2020 NZ\$ 000
<b>Fixed assets</b>			
Investments	8	4,132	4,132
		<u>4,132</u>	<u>4,132</u>
<b>Current assets</b>			
Debtors	9	7,181	7,191
		7,181	7,191
<b>Creditors: amounts falling due within one year</b>	10	(49)	(59)
<b>Net current assets</b>		<u>7,132</u>	<u>7,132</u>
<b>Total assets less current liabilities</b>		<u>11,264</u>	<u>11,264</u>
<b>Net assets</b>		<u>11,264</u>	<u>11,264</u>
<b>Equity</b>			
Called up share capital	11	1	1
Profit and loss account		11,263	11,263
<b>Total equity</b>		<u>11,264</u>	<u>11,264</u>

The financial statements on pages 12 to 27 were authorised for issue by the Board of Directors on 9/10/2022 and signed on its behalf by:

DocuSigned by:

*Nicole Rooney*

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N. Rooney  
Director

**Shell Ventures New Zealand Limited**

**Statement of changes in equity for the year ended 31 December 2021**

	<b>Called up share capital NZ\$ 000</b>	<b>Profit and loss account NZ\$ 000</b>	<b>Total NZ\$ 000</b>
<b>Balance as at 01 January 2020</b>	<b>1</b>	<b>11,254</b>	<b>11,255</b>
Profit for the year	-	81,632	81,632
Dividends paid (refer note 12)	-	(81,623)	(81,623)
<b>Balance as at 31 December 2020</b>	<b>1</b>	<b>11,263</b>	<b>11,264</b>
<b>Balance as at 01 January 2021</b>	<b>1</b>	<b>11,263</b>	<b>11,264</b>
Profit for the year	-	-	-
<b>Balance as at 31 December 2021</b>	<b>1</b>	<b>11,263</b>	<b>11,264</b>



## **Shell Ventures New Zealand Limited**

### **Notes to the financial statements for the year ended 31 December 2021**

#### **General information**

The Company is a private company limited by share capital incorporated and domiciled in England and Wales.

The address of its registered office is: Shell Centre, London, SE1 7NA, United Kingdom.

#### **1 Accounting policies**

##### **Basis of preparation**

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework, which involves the application of International Financial Reporting Standards ("IFRS") with a reduced level of disclosure. The financial statements have been prepared under the historical cost convention, except for certain items measured at fair value, and in accordance with the Companies Act 2006.

The accounting policies have been consistently applied.

##### **Going concern**

As at the date of approving the financial statements, the impact of COVID-19 on the Company's operations is continually being assessed and is subject to rapid change. The Directors have considered the potential risks and uncertainties relating to COVID-19 on the Company's business, credit, market, and liquidity position. Based on the above analysis, the Directors have assessed that the Company is expected to have adequate headroom to meet its liabilities and commitments over the going concern period to 30 September 2023. The Directors have assessed that the Company has adequate resources to continue in operation for the period to 30 September 2023.

The Group sweeps cash from subsidiary companies to a central treasury company account on a daily basis. The Company shows the balance swept at the end of the year as an amount owed by a fellow subsidiary undertaking. The Directors consider that the Company will have access to the funds swept to these accounts when required by the Company.

## **Shell Ventures New Zealand Limited**

### **Notes to the financial statements for the year ended 31 December 2021 (continued)**

#### **1 Accounting policies (continued)**

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The following exemptions from the disclosure requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial Instruments: Disclosures';
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of: paragraph 79(a)(iv) of IAS 1 'Presentation of financial statements'.
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - (i) 10(d), (statement of cash flows);
  - (ii) 10(f) (a balance sheet as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements);
  - (iii) 16 (statement of compliance with all IFRS);
  - (iv) 38A (requirement to present a minimum of two statements for each of the primary financial statements, including cash flow statements and related notes);
  - (v) 38B-D (additional comparative information);
  - (vi) 40A-D (requirements for a third balance sheet);
  - (vii) 111 (cash flow statement information); and
  - (viii) 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows';
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- Paragraph 17 and 18A of IAS 24, 'Related party disclosures' (key management compensation);
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more wholly owned members of a group.

## **Shell Ventures New Zealand Limited**

### **Notes to the financial statements for the year ended 31 December 2021 (continued)**

#### **1 Accounting policies (continued)**

##### **Consolidation**

The financial statements contain information about Shell Ventures New Zealand Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, Shell plc, a company incorporated in England and Wales.

The immediate parent company is The Shell Petroleum Company Limited.

The ultimate parent company and controlling party is Shell plc, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. The consolidated financial statements of Shell plc are available from:

Shell plc  
Tel: +44 800 731 8888  
email: [order@shell.com](mailto:order@shell.com)  
Registered office: Shell Centre, London, SE1 7NA

##### **Income from shares in subsidiary and participating undertakings**

Income from shares in subsidiary and participating undertakings represents dividends relating to the current year and prior periods. Dividends are recognised on a paid basis unless the dividend has been confirmed by a general meeting of the subsidiary and participating undertakings, in which case income is recognised on the date at which receipt is deemed virtually certain.

##### **Taxation**

Tax is recognised in profit or loss, except that tax attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income or directly in equity.

##### **Current tax**

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date for tax payable to HM Revenue and Customs, or for group relief to surrender to or to be received from other Group undertakings, and for which payment may be requested. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation by Shell and tax authorities differently and establishes provisions where appropriate.

## **Shell Ventures New Zealand Limited**

### **Notes to the financial statements for the year ended 31 December 2021 (continued)**

#### **1 Accounting policies (continued)**

##### **Foreign currency translation**

###### **(i) Functional and presentation currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in NZ Dollar (NZ\$), which is also the Company's functional currency.

###### **(ii) Transaction and balances**

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

Monetary assets and liabilities recorded in foreign currencies have been translated in NZ\$ at the rates of exchange ruling at the year end. Differences on translation are included in the profit and loss account. Non-monetary assets and liabilities denominated in a foreign currency are translated using exchange rates at the date of the transaction. No subsequent translations are made once this has occurred.

##### **Financial instruments**

###### **Financial assets**

Financial assets are classified at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The classification of financial assets is determined by the contractual cash flows and where applicable the business model for managing the financial assets.

A financial asset is measured at amortised cost if the objective of the business model is to hold the financial asset in order to collect contractual cash flows and the contractual terms give rise to cash flows that are solely payments of principal and interest. Financial assets at amortised cost are initially recognised at fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently the financial asset is measured using the effective interest method less any impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. All equity instruments and other debt instruments are recognised at fair value. For equity instruments, on initial recognition, an irrevocable election (on an instrument-by-instrument basis) can be made to designate these as at FVOCI (without recycling to profit and loss) instead of FVTPL. Dividends received on equity instruments are recognised as other income in profit or loss when the right of payment has been established, except when the company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income.

## **Shell Ventures New Zealand Limited**

### **Notes to the financial statements for the year ended 31 December 2021 (continued)**

#### **1 Accounting policies (continued)**

##### **Impairment of financial assets**

The impairment requirements for expected credit losses are applied to financial assets measured at amortised cost, financial assets measured at FVOCI and financial guarantees contracts to which IFRS 9 is applied and that are not accounted for at FVTPL. If the credit risk on the financial asset has increased significantly since initial recognition, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses. In other instances, the loss allowance for the financial asset is measured at an amount equal to the twelve month expected credit losses (ECLs). Changes in loss allowances are recognised in profit and loss. For trade debtors that do not contain a significant financing component, the simplified approach is applied recognising expected lifetime credit losses from initial recognition.

As a result of COVID-19, there continues to be significant uncertainty in the macroeconomic conditions with an expected negative impact on global economic environment. Therefore, this has an impact on our debtors who are also exposed to the same macroeconomic changes. The Company however follows Group Treasury Credit risk policies to ensure that sales are made to debtors with appropriate creditworthiness, and include detailed credit analysis and loans are issued against counterparty credit limits. Where appropriate, netting arrangements, credit insurance, prepayments and collateral are used to manage credit risk. Therefore the Company's risk of exposure to bad debts is not significant.

##### **Financial Liabilities**

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL, such as instruments held for trading, or the Company has opted to measure them at FVTPL.

##### **Investment in subsidiaries and participating undertakings**

These comprise investments in shares and loans that the Company intends to hold on a continuing basis. The investments in subsidiaries and participating undertakings 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 IAS 36. Any impairments are recorded in the profit and loss account.

If, after an impairment loss has been recognised, the recoverable amount of an investment increases because of a change in economic conditions or in the expected use of the asset, the resulting reversal of the impairment loss is recognised in the current year to the extent that it increases the carrying amount of the fixed asset up to the amount it would have been had the original impairment not occurred.

## **Shell Ventures New Zealand Limited**

### **Notes to the financial statements for the year ended 31 December 2021 (continued)**

#### **1 Accounting policies (continued)**

##### **Netting off policy**

Balances with counterparties are stated gross, unless both of the following conditions are met:

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

#### **2 Critical accounting judgements and key sources of estimation uncertainty**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

##### **Impairment of investments**

Investments are tested for impairment whenever events or changes in circumstances indicate that the carrying amounts for those assets may not be recoverable. For the purposes of determining whether impairment of investments has occurred, and the extent of any impairment or its reversal, management review a range of measures relating to the underlying entity's performance, changes to net assets of investee entity, including the net present value of future cash flows. In computing the net present value, the estimated risk adjusted future cash flows are discounted to their present value using a post-tax discount rate that reflects Shell's post-tax WACC. The discount rate applied does not reflect specific local risks for which future cash flow estimates have been adjusted.

In assessing these measures, management make a number of assumptions relating (but not restricted) to future oil and gas prices, expected production volumes and refining margins appropriate to the local circumstances and environment. These assumptions and the judgements of management that are based on them are subject to change as new information becomes available. Changes in economic conditions can also affect the rate used to discount future cash flow estimates.

Judgement, which is subject to change as new information becomes available, can be required in determining when an asset is classified as held for sale. A change in that judgement could result in impairment charges affecting income, depending on whether classification requires a write-down of the asset to its fair value less costs to sell.

## Shell Ventures New Zealand Limited

### Notes to the financial statements for the year ended 31 December 2021 (continued)

#### 2 Critical accounting judgements and key sources of estimation uncertainty (continued)

##### Climate change and energy transition

In 2021, Shell launched its Powering Progress strategy to accelerate the transition of its business to net-zero emissions, including targets to reduce the carbon intensity of energy products sold (Scope 1, 2 and 3 emissions) by 6-8% by 2023, 20% by 2030, 45% by 2035, and 100% by 2050. In October 2021, Shell announced a new target to halve the absolute emissions from its operations and the energy it buys to run them by 2030, compared with 2016 levels on a net basis. This additional target will help Shell to step up the pace of change to become a net-zero emissions energy business. Shell plc's Annual Report in page 242 under note 4 describes how Shell has considered climate-related impacts in some key areas of the financial statements and how this translates into the valuation of assets and measurement of liabilities as Shell makes progress in the energy transition.

##### Provision for expected credit losses of trade debtors

For intra-group trade debtors, the Company uses an internal credit rating to determine the probability of default. Internal credit ratings are based on methodologies adopted by independent credit rating agencies.

#### 3 Interest receivable and similar income

	2021 NZ\$ 000	2020 NZ\$ 000
Interest from Group undertakings:		
Fellow subsidiary undertakings	4	9
Profit on currency translation	-	2
	<u>4</u>	<u>11</u>

#### 4 Interest payable and similar charges

	2021 NZ\$ 000	2020 NZ\$ 000
Loss on currency translation	4	-
	<u>4</u>	<u>-</u>

#### 5 Operating profit

The Company had no employees during 2021 (2020: none).

None of the Directors received any emoluments (2020: none) in respect of their services to the Company.

## Shell Ventures New Zealand Limited

### Notes to the financial statements for the year ended 31 December 2021 (continued)

#### 6 Auditor's remuneration

The auditor's remuneration of NZ\$7,782 (2020: NZ\$7,902) in respect of the statutory audit was borne by the immediate parent company for both the current and preceding years.

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

#### 7 Tax on profit

##### Tax charge in the profit and loss account

There is no tax charge for the year (2020: NZ\$ 4,000).

	2021 NZ\$ 000	2020 NZ\$ 000
<b>Current taxation</b>		
UK corporation tax	-	3
UK corporation tax adjustment to prior periods	-	1
<b>Tax charge in the profit and loss account</b>	<u>-</u>	<u>4</u>



## Shell Ventures New Zealand Limited

### Notes to the financial statements for the year ended 31 December 2021 (continued)

#### 7 Tax on profit (continued)

##### Reconciliation of total tax charge

The tax on profit before tax for the year differs from the standard rate of corporation tax in the UK of 19% (2020: 19%).

The differences are reconciled below:

	2021 NZ\$ 000	2020 NZ\$ 000
Profit before tax	-	81,636
Tax on profit calculated at standard rate (2021: 19.00%) (2020: 19%)	-	15,511
<b>Effects of:</b>		
Income exempt from taxation	-	(15,508)
Adjustments in respect of prior periods	-	1
<b>Total tax charge</b>	<u>-</u>	<u>4</u>

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the corporation tax, thereby maintaining the current rate of 19%.

The Finance Act 2021 (enacted on 24 May 2021) increased the main rate of UK corporation tax to 25% to support economic recovery as a result of the ongoing COVID-19 pandemic. These changes are due to be effective from 1 April 2023.

# Shell Ventures New Zealand Limited

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 8 Investments

	Subsidiary undertakings shares NZ\$ 000
<b>Cost</b>	
Balance at 1 January 2021	4,132
<b>Balance at 31 December 2021</b>	<b>4,132</b>
<b>Balance at 31 December 2020</b>	<b>4,132</b>

The Directors believe that the carrying value of the investments is supported by their underlying net assets.

Details of the subsidiaries as at 31 December 2021 are as follows:

Name of subsidiary	Registered office and Country of incorporation	Class of shares	% of ownership
Energy Finance NZ Limited*	c/o Baker Tilly Staples Rodway Taranaki Limited, 109-113 Powderham Street, P.O. Box 146, New Plymouth, Taranaki, 4340 New Zealand	Ordinary Shares	100%
Energy Holdings Offshore Limited *	c/o Baker Tilly Staples Rodway Taranaki Limited, 109-113 Powderham Street, P.O. Box 146, New Plymouth, Taranaki, 4340 New Zealand	Ordinary Shares	100%
Shell Energy Asia Limited*	c/o Baker Tilly Staples Rodway Taranaki Limited, 109-113 Powderham Street, P.O. Box 146, New Plymouth, Taranaki, 4340 New Zealand	Ordinary Shares	100%

# **Shell Ventures New Zealand Limited**

## **Notes to the financial statements for the year ended 31 December 2021 (continued)**

### **8 Investments (continued)**

<b>Name of subsidiary</b>	<b>Registered office and Country of incorporation</b>	<b>Class of shares</b>	<b>% of ownership</b>
Shell Investments NZ Limited	c/o Baker Tilly Staples Rodway Taranaki Limited, 109-113 Powderham Street, P.O. Box 146, New Plymouth, Taranaki, 4340 New Zealand	Ordinary Shares	100%
Shell New Zealand Pensions Limited*	Mercer (N.Z.) Limited, Floor 2, 20 Customhouse Quay, Wellington, 6011 New Zealand	Ordinary Shares	100%
Southern Petroleum No Liability*	c/o Baker Tilly Staples Rodway Taranaki Limited, 109-113 Powderham Street, P.O. Box 146, New Plymouth, Taranaki, 4340 New Zealand	Ordinary Shares	100%
Shell (Petroleum Mining) Company Limited*	c/o Baker Tilly Staples Rodway Taranaki Limited, 109-113 Powderham Street, P.O. Box 146, New Plymouth, Taranaki, 4340 New Zealand	Ordinary Shares	100%

\* indicates indirect investment of the Company.

## Shell Ventures New Zealand Limited

### Notes to the financial statements for the year ended 31 December 2021 (continued)

#### 9 Debtors

##### Debtors: amounts due within one year

	2021 NZ\$ 000	2020 NZ\$ 000
Amounts owed by Group undertakings:		
Parent undertaking	360	360
Fellow subsidiary undertakings	6,821	6,831
	<u>7,181</u>	<u>7,191</u>

Amounts owed by fellow subsidiary undertakings include unsecured, interest bearing current account balance of NZ\$ 6,821,000 (2020: NZ\$ 6,816,000) with Shell Treasury Centre East (Pte) Ltd. at interest ranging from 0.00% to 0.65% (2020: 0.00% to 0.64%) and are repayable on demand.

Amounts owed by parent undertaking are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

No assets were assessed as credit impaired. The Company has recorded all financial assets at amortised cost.

#### 10 Creditors: amounts falling due within one year

	2021 NZ\$ 000	2020 NZ\$ 000
Amounts owed to Group undertakings		
Fellow subsidiary undertakings	47	43
Tax liability	2	16
	<u>49</u>	<u>59</u>

Amounts owed to fellow subsidiary undertakings include unsecured, interest bearing current account balance of NZ\$ 47,000 (2020: NZ\$ 43,000) with Shell Treasury Centre Limited at interest ranging from 0.03% to 0.26% (2020: 0.03% to 0.69%) and are repayable on demand.

The Company has recorded all financial liabilities at amortised cost.

## Shell Ventures New Zealand Limited

### Notes to the financial statements for the year ended 31 December 2021 (continued)

#### 11 Called up share capital

##### Allotted, called up and fully paid shares

	No.	2021 NZ\$ 000	No.	2020 NZ\$ 000
Issued share capital of NZ\$ 1 each	<u>1,000</u>	<u>1</u>	<u>1,000</u>	<u>1</u>

#### 12 Dividends

There were no interim dividend paid during the year (2020: NZ\$ 81,623,000). The Directors recommend that no further dividend be paid for the year ended 31 December 2021 ( 2020: NZ\$ Nil).

#### 13 Events after the end of the reporting period

On 21 January 2022, the ultimate parent Company changed its name from Royal Dutch Shell plc to Shell plc.

Also Russia's recent invasion of Ukraine poses wide-ranging challenges. Given the evolving situation, there are many unknown factors and events that could materially impact our operations. These events have and continue to impact credit risks including those related to receivables, treasury and other factors. Any of these factors, individually or in aggregate, could have a material effect on our earnings, cash flows and financial condition.