

Registration number: 00226969

SELAP Limited

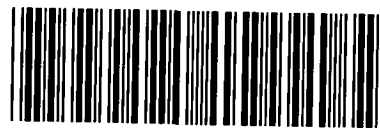
Annual Report

and

Financial Statements

For the year ended 31 December 2020

MONDAY



AADEQZ8W

A10

20/09/2021

#175

COMPANIES HOUSE

SELAP Limited

Contents

Directors' report	1 to 4
Independent Auditor's report	5 to 8
Profit and loss account	9
Balance sheet	10
Statement of changes in equity	11
Notes to the financial statements	12 to 25

SELAP Limited

Directors' report for the year ended 31 December 2020

The Directors present their report and the financial statements of SELAP Limited (also referred to as the "Company") for the year ended 31 December 2020. The Company has taken advantage of the small companies' exemption available under section 415A and 414B of the Companies Act 2006 and has not prepared a Strategic report nor given certain disclosures in the Directors' report from which it is exempt.

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 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". 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.

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

Directors of the Company

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

B. S. K. Jones (appointed 28 September 2020)

L. Killick (resigned 13 August 2021)

C. Pantling (resigned 28 September 2020)

S.K. Perlaki (resigned 31 March 2020)

E. Stern (appointed 01 June 2020)

Brexit Impact

On 23 June 2016, the UK held a referendum on the UK's continuing membership of the EU, the outcome of which was a decision for the UK to leave the EU (Brexit). On 26 December 2020, the EU-UK Trade and Cooperation agreement was agreed and provisionally applied. An impact assessment at country level was performed based on a no deal Brexit, which included the activities of the Company. The Board currently sees a limited impact from the EU-UK Trade and Cooperation agreement on its existing business based on the assessment undertaken.

SELAP Limited

Directors' report for the year ended 31 December 2020 (continued)

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 2022 (the 'going concern period'). The Directors have considered the potential risks and uncertainties relating to COVID-19 and Brexit impact 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 financial statements for the year ended 31 December 2020.

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 18 - 21 of the Royal Dutch Shell plc 2020 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.

SELAP Limited

Directors' report for the year ended 31 December 2020 (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 94 to 107 of the Group Report with greenhouse gas emissions and energy usage being set out on pages 106 to 107.

Events after the end of the reporting period

In August 2021, the Company partly repaid its non-current loan owed to fellow subsidiary undertaking for £2,000,000 and executed a deed of amendment, to extend the maturity date of its non-current loan to 30 June 2027. The fixed interest rate on this loan is amended to 6% per annum effective 30 September 2021.

Statement of Directors' responsibilities

The Directors acknowledge their responsibilities for preparing the 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.

SELAP Limited

Directors' report for the year ended 31 December 2020 (continued)

Statement of Directors' responsibilities (continued)

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.

31 August 2021

Approved by the Board on and signed on its behalf by:

DocuSigned by:

Ella Stern

D25B8886736E46B.....

E. Stern

Director

Independent Auditor's report to the Member of SELAP Limited

Opinion

We have audited the financial statements of SELAP Limited (the "Company") for the year ended 31 December 2020, which comprise the Profit and loss account, the Balance sheet, the Statement of changes in equity, and the related notes 1 to 14, 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 2020 and of its loss 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 2022.

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 SELAP 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 our 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 there is 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has 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 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; or
- the Directors were not entitled to take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Independent Auditor's report to the Member of SELAP Limited (continued)

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities set out on page 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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:
 - 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.

Independent Auditor's report to the Member of SELAP Limited (continued)

- 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

William Testa (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London

Date: September 6, 2021

SELAP Limited

Profit and loss account for the year ended 31 December 2020

Continuing operations

	Note	2020 £	2019 £
Administrative expenses		(57)	(53)
Other expense			(1,042)
Bad debt provision and write-off		(63,192)	(1,537)
Amounts written back on debtors		450	650
OPERATING LOSS		(62,799)	(1,982)
Interest receivable and similar income	4	49,686	71,279
Interest payable and similar charges	5	(72,197)	(72,000)
LOSS BEFORE TAXATION		(85,310)	(2,703)
Tax on loss	8	16,442	488
LOSS FOR THE YEAR		(68,868)	(2,215)

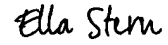
The loss for the current year and for the prior year are equal to the total comprehensive income and accordingly a statement of comprehensive income has not been presented.

SELAP Limited

(Registration number: 00226969)
Balance sheet as at 31 December 2020

	Note	2020 £	2019 £
Current assets			
Debtors: amounts due after one year	9	700,932	933,425
Debtors: amounts due within one year	9	2,248,293	2,085,053
Creditors: amounts falling due within one year	10	<u>(9,145)</u>	<u>(9,530)</u>
Net current assets		2,239,148	2,075,523
Creditors: amounts falling due after more than one year	11	<u>(2,400,000)</u>	<u>(2,400,000)</u>
Net assets		<u>540,080</u>	<u>608,948</u>
Equity			
Called up share capital	12	150,000	150,000
Profit and loss account		<u>390,080</u>	<u>458,948</u>
Total equity		<u>540,080</u>	<u>608,948</u>

The financial statements on pages 9 to 25 were authorised for issue by the Board of Directors on 31 August 2021 and signed on its behalf by:

DocuSigned by:

D25B268C738E45B.....
E. Stern
Director

SELAP Limited

Statement of changes in equity for the year ended 31 December 2020

	Called up share capital £	Profit and loss account £	Total £
Balance as at 1 January 2019	150,000	461,163	611,163
Loss for the year	-	(2,215)	(2,215)
Balance as at 31 December 2019	150,000	458,948	608,948
Balance as at 1 January 2020	150,000	458,948	608,948
Loss for the year	-	(68,868)	(68,868)
Balance as at 31 December 2020	150,000	390,080	540,080

SELAP Limited

Notes to the financial statements for the year ended 31 December 2020

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 and Brexit impact 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 2022. Refer note 14 "Events after the end of the reporting period". The Directors have assessed that the Company has adequate resources to continue in operation for the period to 30 September 2022.

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.

SELAP Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

1 Accounting policies (continued)

New standards applied

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no material impact to the financial statements of the Company, but may impact future periods should the Company enter into any business combinations.

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." These had no material impact on the financial statements of the Company, nor is there expected to be any future impact to the Company.

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. These amendments had no material impact on the financial statements of the Company.

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:

- 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';

SELAP Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

1 Accounting policies (continued)

- 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';
- Paragraphs 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);
- Paragraphs 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.

Consolidation

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 smallest and largest group to consolidate these financial statements.

The consolidated financial statements of Royal Dutch Shell plc are available from:

Royal Dutch Shell plc
Tel: +31 888 800 844
email: order@shell.com
Registered office: Shell Centre, London, SE1 7NA

SELAP Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

1 Accounting policies (continued)

Taxation

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

Deferred tax

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and credits carried forward can be utilized.

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset deferred tax assets against deferred tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Amounts relating to deferred tax are undiscounted.

SELAP Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

1 Accounting policies (continued)

Finance income and costs

Interest income for financial instruments measured at amortised cost is recognised in interest receivable and similar income in the profit and loss account and is calculated using the effective interest rate method.

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.

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.

SELAP Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

1 Accounting policies (continued)

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.

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. Debt and trade creditors are recognised initially at fair value based on amounts exchanged, net of transaction costs, and subsequently at amortised cost. Interest expense on debt is accounted for using the effective interest method and is recognised in income.

Netting off policy

Balances with other companies of the Shell Group 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 within the next financial year are addressed below.

Impairment of debtors

The Company makes an estimate of the recoverable value of debtors where there is reason to assume that the amount is not recoverable. When assessing impairment of debtors, management considers ongoing payment of interest and the individual's employment status within the Shell Group.

SELAP Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

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

Provision for expected credit losses of trade debtors

The Company computes probability of default rates for third party trade debtors based on historical loss experience adjusted for current and forward looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. 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 Financial instruments

a) Financial risk management

In the normal course of business, the company is exposed to the following financial risks:

Credit risk

The Company is exposed to the risk that the counterparty will default on its contractual obligation to repay its debt. The level of the risk is mitigated to the extent that the Company's lending is primarily to Shell employees.

Market risk

Interest rate risk

The Company is exposed to variations in cash flow arising from movements in interest rates on floating rate lending to Group companies. All other financial assets and liabilities are held in fixed rate instruments.

Assuming other factors remained constant and that no further interest rate risk management action were taken, a 1% increase in LIBOR for the year to 31 December 2020 would have increased profit before tax and net assets by £20,396 (2019: £18,410).

Foreign exchange risk

There is no foreign exchange risk as all the receivables and payables and other monetary items are in the Company's functional currency of Pound Sterling.

SELAP Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

Liquidity risk

Liquidity risk is the risk that suitable sources of funding for the Company's activities may not be available. Management believes that it has access to sufficient, liquid funding sources to meet currently foreseeable requirements.

b) Fair value measurements

The carrying value of all other balances on the balance sheet approximates their fair values.

4 Interest receivable and similar income

	2020 £	2019 £
Interest from Group undertakings:		
Fellow subsidiary undertakings	1,742	8,440
Other interest income	47,944	62,839
	<u>49,686</u>	<u>71,279</u>

5 Interest payable and similar charges

	2020 £	2019 £
Interest on loans from Group undertaking:		
Fellow subsidiary undertaking	<u>72,197</u>	<u>72,000</u>

6 Operating loss

Arrived at after charging:

	2020 £	2019 £
Provision for ECL	10,492	1,233

The Company had no employees during 2020 (2019: none).

None of the Directors received any emoluments (2019: none) in respect of their services to the Company.

SELAP Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

7 Auditor's remuneration

The Auditor's remuneration of £6,532 (2019: £5,851) in respect of the statutory audit was borne by another Group undertaking for both the current and preceding years.

No non audit fees were paid to the Company's auditor.

8 Tax on loss

Tax credit in the profit and loss account

The tax credit for the year of £16,442 (2019: £488) is made up as follows:

	2020 £	2019 £
Current taxation		
UK corporation tax	(14,215)	(279)
UK corporation tax adjustment to prior periods	-	1
Total current tax credit	(14,215)	(278)
Deferred taxation		
Arising from origination and reversal of temporary differences	(1,994)	(234)
Arising from changes in tax rates and laws	(233)	24
Total deferred tax credit	(2,227)	(210)
Tax credit in the profit and loss account	(16,442)	(488)

SELAP Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

8 Tax on loss (continued)

Reconciliation of total tax credit

The tax on loss before tax for the year differs from the standard rate of corporation tax in the UK of 19% (2019: 19%).

The differences are reconciled below:

	2020 £	2019 £
Loss before tax	<u>85,310</u>	<u>2,703</u>
Tax on loss calculated at standard rate (2020:19%) (2019:19%)	(16,209)	(513)
Effects of:		
Adjustments in respect of prior periods	-	1
Deferred tax (credit)/expense relating to changes in tax rates or laws	<u>(233)</u>	<u>24</u>
Total tax credit	<u>(16,442)</u>	<u>(488)</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%.

Deferred taxes on the balance sheet have been measured at 19% (2019: 17%) which represents the future corporation tax rate that was enacted at the balance sheet date.

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were substantively enacted on 24 May 2021 after the balance sheet date and hence have not been reflected in the measurement of deferred tax balances at the period end.

SELAP Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

8 Tax on loss (continued)

Deferred tax assets

2020	Asset £
Other items	<u>4,208</u>

2019	Asset £
Other items	<u>1,981</u>

Deferred tax movement during the year:

	At 1 January 2020 £	Recognised in profit and loss £	At 31 December 2020 £
Other items	<u>1,981</u>	<u>2,227</u>	<u>4,208</u>

Deferred tax movement during the prior year:

	At 1 January 2019 £	Recognised in profit and loss £	At 31 December 2019 £
Other items	<u>1,771</u>	<u>210</u>	<u>1,981</u>

The provision for deferred tax consists of the following deferred tax assets:

	2020 £	2019 £
Deferred tax assets due more than 12 months	<u>4,208</u>	<u>1,981</u>
Total deferred tax	<u>4,208</u>	<u>1,981</u>

SELAP Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

9 Debtors

Debtors: amounts due within one year

	2020 £	2019 £
Amounts owed by Group undertakings:		
Fellow subsidiary undertakings	2,218,037	2,018,057
Accrued income	15,764	61,315
Tax receivable	14,492	5,681
	<u>2,248,293</u>	<u>2,085,053</u>

Amounts owed by Group undertakings are unsecured, payable upon demand and include balances bearing interest rates ranging from 0.00% to 0.50%.

Debtors: amounts due after one year

	2020 £	2019 £
Other debtors	696,724	931,444
Deferred tax asset	4,208	1,981
	<u>700,932</u>	<u>933,425</u>

Other debtors comprise loans to employees of the Shell Group bearing interest at 6%. This is the maximum interest rate as per the loan agreement and no further increase in interest rate is allowed. Interest on the loans are paid by employees on a monthly basis. The loans have been classified as non-current debtors as the loans are not repayable by the counter parties until their employment ceases with the Shell Group.

During the year, £218,070 of loans were repaid (2019: £271,063) which included £450 (2019: £650) that had previously been provided against. Loans and accrued interest of £52,700 has been fully written off during the year (2019: Accrued interest for £304).

SELAP Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

9 Debtors (continued)

The impairment allowance for financial assets as at 31 December 2020 is as follows:

	2020	2019
	£	£
At amortised cost		
Amounts owed by Group undertakings	2,218,038	2,018,058
Other debtors	<u>718,869</u>	<u>943,096</u>
	<u>2,936,907</u>	<u>2,961,154</u>

	Gross carrying amount	ECL allowance	Carrying amount
	£	£	£
		2020	
Amounts owed by Group undertakings	2,218,038	1	2,218,037
Other debtors	<u>718,869</u>	<u>22,145</u>	<u>696,724</u>
	<u>2,936,907</u>	<u>22,146</u>	<u>2,914,761</u>

	Gross carrying amount	ECL allowance	Carrying amount
	£	£	£
		2019	
Amounts owed by Group undertakings	2,018,058	1	2,018,057
Other debtors	<u>943,096</u>	<u>11,652</u>	<u>931,444</u>
	<u>2,961,154</u>	<u>11,653</u>	<u>2,949,501</u>

The impairment provision required under IFRS 9 was calculated using lifetime ECLs.

The Company has recorded all financial assets at amortised cost.

SELAP Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

10 Creditors: amounts falling due within one year

	2020	2019
	£	£
Other creditors	<u>9,145</u>	<u>9,530</u>

Other creditors are unsecured, interest free, have no fixed date of repayment and are repayable on demand. The Company has recorded all financial liabilities at amortised cost.

11 Creditors: amounts falling due after more than one year

	2020	2019
	£	£
Amount owed to Group undertaking:		
Fellow subsidiary undertaking	<u>2,400,000</u>	<u>2,400,000</u>

Amount owed to Group undertaking bears fixed interest of 3% per annum and is repayable in full on 30 June 2022. The Company has recorded all financial liabilities at amortised cost.

12 Called up share capital

Allotted, called up and fully paid shares

	No.	2020	No.	2019
		£		£
Issued share capital of £10 each	<u>15,000</u>	<u>150,000</u>	<u>15,000</u>	<u>150,000</u>

13 Loan to Directors

None of the Directors received any loan (2019: none) from the Company.

14 Events after the end of the reporting period

In August 2021, the Company partly repaid its non-current loan owed to fellow subsidiary undertaking for £2,000,000 and executed a deed of amendment, to extend the maturity date of its non-current loan to 30 June 2027. The fixed interest rate on this loan is amended to 6% per annum effective 30 September 2021.