

Registration number: 03075807

Shell International Limited

Annual Report

and

Financial Statements

For the year ended 31 December 2019



Shell International Limited

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Shell International Limited

Strategic report for the year ended 31 December 2019

The Directors present their Strategic report on Shell International Limited (also referred to as the "Company") for the year ended 31 December 2019.

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.

Business review

The principal activities of Shell International Limited are to provide services to other companies of the Group such as Real Estate, Legal, Global Finance and Human Resources. The Company will continue with these activities for the foreseeable future.

The Company operates on a full cost recovery basis.

The Company's result for the financial year is a profit of £28,548 thousand (2018: loss of £1,276 thousand). The profit in 2019 and the loss in 2018 represents taxes which cannot be recovered from other group entities and the net impact of share based payments. Share based payments are recovered on an actual basis. The net profit and loss impact of share based payments represents the difference between the notional charge and the recovery of the actual charge.

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

Principal risks and uncertainties

The Shell Group has a single risk based control framework - The Shell Control Framework - to identify and manage risks. The Shell Control Framework applies to all wholly owned Shell companies and to those ventures and other companies in which Royal Dutch Shell 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 27 to 36 of Royal Dutch Shell's Annual Report and Form 20-F for the year ended 31 December 2019 (the "Group Report"), include those of the Company. (The Group Report does not form part of this report).

Shell International Limited

Strategic report for the year ended 31 December 2019 (continued)

Key Performance Indicators

Companies of the Shell Group comprise the Upstream businesses of Exploration and Production, Integrated Gas and New Energies, Oil Sands and the Downstream businesses of Oil Products and Chemicals. The Company's key performance indicators, that give an understanding of the development, performance and position of the business, are aligned with those of the Shell Group. The development, performance and position of the various businesses is discussed on pages 45 to 79 of the Group Report and the key performance indicators through which the Group's performance is measured are as set out on pages 42 to 44 of the Group Report.

Strategic report - Section 172(1) statement

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 will have an impact on 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 strategic aims of the Company are considered to be derived from those of the Shell Group, which are discussed on pages 20 - 21 of the Royal Dutch Shell plc 2019 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 Board of Directors.

Shell International Limited

Strategic report for the year ended 31 December 2019 (continued)

PRINCIPAL DECISIONS

We define Principal decisions taken by the Board as those decisions in 2019, that are of a strategic nature and/or that are significant to any of our key stakeholder groups.

To remain concise, we have categorised our key stakeholders into six groups. Where appropriate, each group is considered to include both current and potential stakeholders.

Key stakeholder groups

- A. Shareholders
- B. Employees/Workforce/Pensioners
- C. Regulators/Governments/NGOs
- D. Communities
- E. Customers
- F. Suppliers /Strategic Partners

Principal Decisions in 2019

Upon review of the Board activity in 2019 we have determined that no principle decisions were taken by the Board during the year under review. All matters considered by the Board were either standing board updates or the approval of administrative matters.

Employee engagement

The principal route by which the Directors of the Company effect engagement with employees of the Company are the processes and practices of the Shell Group.

The Shell Group, of which the Company is a member, transacts its business through legal entities whilst internally organising its activities along business and function lines. This extends to Shell's engagement with its employees, where this is aligned to the businesses and functions of the Shell Group where those employees are engaged.

On a regular basis, Shell Group management engages with employees on a global, country, region, business or function basis through a range of formal and informal channels, including: emails from the Shell Group Chief Executive Officer, Country Chair and Senior Leader communications and blogs, webcasts, townhalls, team meetings, Intranet articles, online publications and social media.

Employee Forums (organised by business and function line) are well established and meet on a quarterly basis. This is an additional mechanism through which management engages with employees on business decisions for provision of information, staff consultation purposes and for employees' views.

Shell International Limited

Strategic report for the year ended 31 December 2019 (continued)

In addition, the annual Shell People Survey, which measures employee engagement, is an opportunity for employees to give their opinion on a series of topics ranging from leadership, business direction, communication, inclusion, and pride in the company. The purpose of the survey is to enable an ongoing, constructive dialogue between management and employees, enabling trends to be identified and areas for focus to deliver business outcomes.


The Shell Group operates a number of share plans designed to align employees' interests with performance through share ownership. These are discussed further within the Royal Dutch Shell plc (RDS) Annual Report.

Human Rights

Respect for human rights is embedded in the Shell Group's Business Principles and Code of Conduct. This approach is informed by the Universal Declaration of Human Rights, the core conventions of the International Labour Organization and the United Nations' Guiding Principles on Business and Human Rights.

The Shell Group works closely with other companies and non-governmental organisations to continuously improve the way it applies these principles, with a focus on four key areas: communities, security, labour rights, and supply chain. The Shell Group has systems and processes in place for managing projects, contracting and procurement, recruitment and employment, security and social performance and requires all Group companies and contractors to respect the human rights of their workforce and neighbouring communities. The Shell Group's Modern Slavery Statement provides more details about the process applied. It can be found at www.shell.com/uk-modern-slavery-act.html.

Approved by the Board on19 November, 2020..... and signed on its behalf by:

DocuSigned by:

.....023A9B18A86A7E.....
G.Thomson
Authorised signatory for
Shell Corporate Secretary Limited
Company secretary

Shell International Limited

Directors' report for the year ended 31 December 2019

The Directors present their report and the financial statements for the year ended 31 December 2019.

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

Dividend

No dividends were paid during the year (2018: £ nil).

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 (except as noted) were as follows:

F. Hinden

S.A.Constant-Glemaes (resigned 15 April 2019)

S.C.Lynch

A.D.McLean (resigned 3 February 2020)

R.L.O'Brien

M.J.Ten Brink (resigned 1 August 2019)

M. Khullar (appointed 13 December 2019)

The following director was appointed after the year end:

E. C. Andrew (appointed 31 January 2020)

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 168 to 170 and note 19).

Shell International Limited

Directors' report for the year ended 31 December 2019 (continued)

Events after the end of the reporting period

After the balance sheet date, we have seen macro-economic uncertainty with regards to prices and demand for oil, gas and products as a result of the COVID-19 (coronavirus) outbreak. Furthermore, recent global developments and uncertainty in oil supply in March have caused further abnormally large volatility in financial markets. The scale and duration of these developments remain uncertain but could impact our earnings, cash flow and financial condition. These developments are not expected to materially impact the recoverability of receivables from other group companies. The RDS plc group actively assesses the situation across the globe to ensure business continuity plans are put in place to sustain operations and supply chains with a focus on safe working environments and safe conditions for employees and contractors.

Employee involvement

The Company has a comprehensive policy concerning information provision and consultation with employees. Its objective is to meet their needs for information and involvement in issues affecting them, and to contribute to the management of change in the organisation.

The primary responsibility for information and consultation rests with management. It is supplemented by representative bodies at some employment locations. In addition, there is a well-established system by which the senior management in the Company makes presentations to employees on business results and plans. This is in turn supplemented by in-house journals, briefing papers, management letters and video presentations.

All of the formal employee representative bodies held regular meetings throughout the year.

Equal opportunities

Shell International Limited aims to have leading equal opportunities policies and practices. The Company has a published equal opportunities policy and a detailed code of practice in support of this. Progress is regularly monitored. The Company's policy continues to be the application of equal opportunity principles to the selection, training and career development of all applicants and employees, irrespective of gender, race, ethnic origin, marital status, religion or disability.

With respect to disabled people, the Company's medical officers provide appropriate advice to help with the successful achievement of these objectives, particularly regarding physical facilities, which need to be made available at the workplace. Shell Group is part of the Business Disability Forum, which promotes best practice among private sector employers. The Company is also committed to providing continuing employment of employees who become disabled whilst working for the Company.

The Company offers a range of flexible working conditions to assist employees in balancing work and outside commitments. There are also schemes such as career breaks, six months paid parental leave and a range of childcare support initiatives to support employees with families.

Shell International Limited

Directors' report for the year ended 31 December 2019 (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:

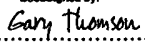
- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

Approved by the Board on 19/11/2020 and signed on its behalf by:

DocuSigned by:

023A9B18A88A4AE
G. Thomson
Authorised signatory for
Shell Corporate Secretary Limited
Company secretary

Independent Auditor's report to the Member of Shell International Limited

Opinion

We have audited the financial statements of Shell International Limited (the "Company") for the year ended 31 December 2019, which comprise the Profit and loss account, Balance sheet, Statement of changes in equity, and the related notes 1 to 23, 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 state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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.

Emphasis of matter

We draw attention to Note 21 of the financial statements, which describes the economic and social disruption the Company is facing as a result of COVID-19 which is impacting supply chains, financial markets, personnel available for work and or being able to access offices. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report set out on pages 1 to 7, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information.

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.

In connection with our audit of the financial statements, 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 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 or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this 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 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 our 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 and the Directors' report.

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

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

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

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities set out on page 7, 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.

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

Khilan Shah (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP, Statutory Auditor
London

Date: *2 December 2020*

Shell International Limited

Profit and loss account for the year ended 31 December 2019

Continuing operations

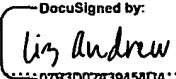
	Note	2019 £ 000	2018 £ 000
Turnover	3	597,828	615,889
Cost of sales		<u>(557,401)</u>	<u>(617,617)</u>
OPERATING PROFIT/(LOSS)	6	<u>40,427</u>	<u>(1,728)</u>
PROFIT/(LOSS) BEFORE INTEREST AND TAXATION		40,427	(1,728)
Interest receivable and similar income	4	145	2,930
Interest payable and similar charges	5	<u>(10,856)</u>	<u>(1,191)</u>
PROFIT BEFORE TAXATION		29,716	11
Tax on profit	9	<u>(1,168)</u>	<u>(1,287)</u>
PROFIT/(LOSS) FOR THE YEAR		<u>28,548</u>	<u>(1,276)</u>

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

Shell International Limited
(Registration number: 03075807)
Balance sheet as at 31 December 2019

	Note	2019 £ 000	2018 £ 000
Fixed assets			
Intangible assets	10	-	-
Tangible assets	11	102,908	23,424
Deferred tax	9	15,429	18,043
Right-of-use assets	15	145,632	-
		<u>263,969</u>	<u>41,467</u>
Current assets			
Debtors	12	386,671	332,782
		386,671	332,782
Creditors: amounts falling due within one year	13	<u>(337,676)</u>	<u>(197,560)</u>
Net current assets		<u>48,995</u>	<u>135,222</u>
Total assets less current liabilities		312,964	176,689
Creditors: amounts falling due after more than one year	14	(165,081)	(6,763)
Provisions	17	<u>(8,856)</u>	<u>(29,731)</u>
Net assets		<u>139,027</u>	<u>140,195</u>
Equity			
Called up share capital	18	117,000	117,000
Profit and loss account		22,027	23,195
Total equity		<u>139,027</u>	<u>140,195</u>

The financial statements on pages 11 to 45 were authorised for issue by the Board of Directors on 19/11/2020... and signed on its behalf by:

DocuSigned by:

 0783D02X39454DA...
 E. C. Andrew
 Director

Shell International Limited

Statement of changes in equity for the year ended 31 December 2019

	Called up share capital £ 000	Profit and loss account £ 000	Total £ 000
Balance as at 1 January 2018	12,000	24,482	36,482
Loss for the year	-	(1,276)	(1,276)
Share based payments - notional	-	16,346	16,346
Share based payments - charge from parent	-	(16,357)	(16,357)
Proceeds from shares issued	105,000	-	105,000
Balance as at 31 December 2018	<u>117,000</u>	<u>23,195</u>	<u>140,195</u>
Balance as at 1 January 2019	117,000	23,195	140,195
Profit for the year	-	28,548	28,548
Share based payments - notional	-	15,588	15,588
Share based payments - charge from parent	-	(45,304)	(45,304)
Balance as at 31 December 2019	<u>117,000</u>	<u>22,027</u>	<u>139,027</u>

Shell International Limited

Notes to the financial statements for the year ended 31 December 2019

General information

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

The address of its registered office is: 8 York Road, 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.

As applied to the Company, there are no material differences between EU endorsed IFRS and IFRS as issued by the International Accounting Standards Board

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, except for the adoption of IFRS 16 and IFRIC 23.

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and the financial statements have therefore been prepared under the going concern basis.

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.

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Notes to the financial statements for the year ended 31 December 2019 (continued)

1 Accounting policies (continued)

New standards applied

The Company has adopted IFRS 16 Leases with effect from 1 January 2019. Under the new standard, all lease contracts, with limited exceptions outlined below, are recognised in the financial statements by way of right-of-use assets and corresponding lease liabilities. On adoption of IFRS 16, the Company has recognised lease liabilities in relation to leases which had previously been classified as 'non-cancellable operating leases' under the principles of IAS 17 Leases. At 1 January 2019, additional lease liabilities were recognised for leases previously classified as operating leases applying IAS 17. These lease liabilities were measured at the present value of the remaining lease payments and discounted using entity-specific incremental borrowing rates at 1 January 2019. In general, a corresponding right-of-use asset was recognised for an amount equal to each lease liability, adjusted by the amount of any prepayment relating to the specific lease contract, as recognised on the balance sheet at 31 December 2018. Provisions for onerous lease contracts at 31 December 2018 were adjusted to the respective right-of-use assets recognised at 1 January 2019. The Company has applied the modified retrospective transition method, and consequently comparative information is not restated. The reclassifications and the adjustments arising from the new leasing standards are therefore recognised in the opening balance sheet on 1 January 2019.

The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.5%.

In applying IFRS 16 for the first time, the Company has applied the following practical expedients permitted by the standard:

- no reassessment was performed of contracts that were previously identified as leases and contracts that were not previously identified as containing a lease applying IAS 17 Leases and IFRIC 4 Determining whether an arrangement contains a lease.
- leases for which the lease term ends within 12 months of the date of initial application of IFRS 16 have been treated as short-term leases.
- The Company has used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Shell International Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

1 Accounting policies (continued)

Impact on transition

On transition to IFRS 16, the Company recognised additional right-of-use assets and lease liabilities. The impact on the retained earnings was immaterial.

The detailed impact on the balance sheet at 1 January 2019, is as follows:

	31 December 2018 £ 000	IFRS 16 Impact £ 000	1 January 2019 £ 000
ASSETS			
Non-current assets			
Right-of-use-assets -Property,plant and equipment	-	156,476	156,476
Prepaid leases	1,757	(1,757)	-
Total assets	1,757	154,719	156,476
LIABILITIES			
Non current liabilities			
Lease liabilities	-	(164,836)	(164,836)
Creditors: amounts falling due after more than one year	(7,491)	7,491	-
Provisions	(2,621)	2,621	-
Total equity and liabilities	10,112	154,724	164,836

The reconciliation of differences between the operating lease commitments disclosed under the prior standard and the additional lease liabilities recognised on the balance sheet at 1 January 2019 is as follows:

Shell International Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

1 Accounting policies (continued)

LEASE LIABILITIES RECONCILIATION

Undiscounted future minimum lease payments under

	£ 000
Operating leases at 31 December 2018	253,582
Impact of discounting	(86,989)
Other reconciling items	(1,757)
Total lease liability at 1 January 2019	164,836

Other reconciling items represents the prepayment of lease rent for Q1 2019.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following

- Whether an entity considers uncertain tax treatments separately.
- The assumptions an entity makes about the examination of tax treatments by taxation authorities.
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.
- How an entity considers changes in facts and circumstances.

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty. The Company applies significant judgement in identifying uncertainties over income tax treatments. Since the Company operates in a complex multinational environment, it assessed whether the Interpretation had an impact on its statutory financial statements.

Upon adoption of the Interpretation, the Company considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Interpretation did not have an impact on the statutory financial statements of the Company.

Shell International Limited

Notes to the financial statements for the year ended 31 December 2019 (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:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined);
- 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:
 - (i) paragraph 79(a)(iv) of IAS 1 'Presentation of financial statements';
 - (ii) paragraph 73(e) of IAS 16 'Property, plant and equipment'

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.

Shell International Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

1 Accounting policies (continued)

- The following paragraphs of IFRS 16, 'Leases':

- (i) paragraph 58 (separate maturity analysis for lease liabilities);
- (ii) paragraphs 90 and 91 (table of lease income from operating leases, including separate disclosure of income from variable lease payments not dependant on an index or a rate);
- (iii) paragraph 93 (qualitative and quantitative explanation of the significant changes in the carrying amount of the net investment in finance leases).

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 accounts.

The consolidated accounts 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

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 Group undertakings, and for which payment may be requested.

Shell International Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

1 Accounting policies (continued)

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.

A net deferred tax asset is regarded as recoverable and therefore recognised when, on the basis of the most recent available evidence, it is regarded as probable that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.

Deferred tax is measured at the average 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.

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 Pounds Sterling (£), which is also the Company's functional currency.

(ii) Transaction and balances

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

Monetary assets and liabilities recorded in foreign currencies have been expressed in £ 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.

Shell International Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

1 Accounting policies (continued)

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and provision for impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. A review for the potential impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of a fixed asset may not be recoverable. If assets are determined to be impaired, the carrying amounts of those assets are written down to their recoverable amount, which is the higher of fair value less costs to sell and value in use. Value in use is determined as the amount of estimated risk-adjusted discounted future cash flows. For this purpose, assets are grouped into cash-generating units based on separately identifiable and largely independent cash inflows. Any impairments are recorded in the profit and loss account.

If, after an impairment loss has been recognised, the recoverable amount of a fixed asset increases because of a change in economic conditions or in the expected use of the asset, the resulting reversal of the impairment loss is recognised in the current 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.

Depreciation and impairment are not normally charged on assets under construction or on freehold land. In the case of these assets, an impairment review would only be undertaken if, and only if, there was a change in circumstances indicating that the carrying amount of the asset may not be recoverable.

Depreciation is charged so as to write off the cost of assets on a straight line basis, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Leasehold improvements	over period of lease
Plant and machinery	5% - 20% per annum

Shell International Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

1 Accounting policies (continued)

Intangible fixed assets

Intangible fixed assets relates to Computer software. These assets are stated at cost less accumulated amortisation and provision for impairment. Cost includes the development costs and the purchase price of the asset. A review for the potential impairment of an intangible asset is carried out if events or changes in circumstances indicate that the carrying amount of an intangible asset may not be recoverable. Such impairment reviews are performed in accordance with IAS 36. Any impairment is recorded in the profit and loss account.

Amortisation is calculated on a straight-line basis over the estimated remaining useful life. The annual percentage rates applied ranges between 10%-20% per annum.

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 International Limited

Notes to the financial statements for the year ended 31 December 2019 (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 and lease debtors under IFRS 15 that give rise to a conditional right to consideration. 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.

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.

Turnover

Turnover represents amounts receivable (excluding value added tax) for the supply of services to Group and Associated companies provided in the ordinary course of business which is recognised when the cost are incurred and services delivered.

The Company acts as an agent for the invoicing of certain types of costs including expatriate costs, shareholder costs and other types of costs where a direct beneficiary is identifiable. The amounts involved in these transactions are not recognised as turnover to properly reflect the underlying nature of the risk and rewards of these transactions.

Shell International Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

1 Accounting policies (continued)

Defined benefit pension obligation

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date minus the fair value of plan assets. The defined benefit obligation is measured using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future payments by reference to market yields at the reporting date on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses are charged or credited to other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in profit or loss.

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.

Leases (IFRS 16) applicable from 1 January 2019

Leases

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

This accounting policy is applied to contracts entered into, on or after 1 January 2019

Shell International Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

1 Accounting policies (continued)

Lessee:

Classification and measurement:

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date for non-cancellable leases. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines the incremental borrowing rate representing the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate applied to each lease was determined taking into account the risk-free rate, adjusted for factors such as the credit rating of the Company and the terms and conditions of the lease.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

Right-of-use assets are presented separately in the statement of financial position.

With effect from 2019, expenses related to leases previously classified as operating leases are presented under Depreciation and Interest expense (in 2018 these were mainly reported in Cost of sales).

Shell International Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

1 Accounting policies (continued)

Subsequent measurement

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability such as variable lease payments or change in terms.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. For remeasurements to lease liabilities, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value at a rate intended to reflect the time value of money where the effect of time value of money is material.

Share based payments

The fair value of share-based compensation for performance share plans is estimated using a Monte Carlo pricing model.

The fair value of the performance share plans is recognised in the profit and loss account from the date of grant over the vesting period, with a corresponding increase recognised directly in equity. At each subsequent balance sheet date, the Company revises its estimate of the number of awards that are expected to vest (in relation to non-market based performance conditions) and recognises the impact of the revision to original estimates, if any, in the profit and loss account, with a corresponding adjustment to equity.

The market value of vested schemes is subsequently invoiced to employing entities in the year of delivery, then taken as an offsetting cost to retained earnings.

Shell International Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

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.

Useful economic life of tangible fixed assets

Depreciation of tangible fixed assets is calculated using management's assessment of the useful economic lives of the underlying assets. Upon purchase or construction of an asset, useful economic life is assessed by reference to a number of underlying assumptions, including the economic lives of other similar assets. As the economic benefit of the assets is consumed over the course of its life, revisions to the useful life of the asset may be made upon assessment of changes in the operating environment or the condition of the asset itself.

Dilapidation provision

A provision is recognised for future dilapidation costs for the restoration of buildings to the original state at the end of their economic lives.

They are recognised when

- The Company has a present legal or constructive obligation as a result of past event;
- It is probable that an outflow of resources will be required to settle the obligation ; and
- A reliable estimate of the amount can be made.

Estimates of the amounts of provisions recognised are based on current legal and constructive requirements, technology and price levels. Because actual outflows can differ from estimates due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are regularly reviewed and adjusted to take into account of such changes. The discount rate applied is reviewed annually.

Shell International Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

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

Determining lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Determining lease discount rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Company estimates the IBR using observable inputs like the risk-free rate and adjust it for factors such as the credit rating of the Company and the terms and conditions of the lease.

Shell International Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

3 Turnover

	2019	2018
Class of business	£ 000	£ 000
Global Finance	162,695	189,542
Central HR	33,592	27,335
Legal	55,175	52,063
IT	18,136	35,869
Real Estate	84,636	75,298
Corporate Affairs	107,168	104,452
Other Functions and Corporate	62,563	66,711
Upstream International	73,863	64,619
	<u>597,828</u>	<u>615,889</u>

4 Interest receivable and similar income

	2019	2018
	£ 000	£ 000
Interest from Group undertakings:		
Fellow subsidiary undertakings	145	113
Profit on currency translation	-	2,817
	<u>145</u>	<u>2,930</u>

Shell International Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

5 Interest payable and similar charges

	2019	2018
	£ 000	£ 000
Interest on loans from Group undertakings:		
Fellow subsidiary undertakings	427	587
Interest expense related to leases	7,394	-
Loss on currency translation	2,871	-
Unwinding of discount on long term provisions (note 17)	164	604
	<u>10,856</u>	<u>1,191</u>

6 Operating (loss)/profit

Arrived at after *charging/(crediting)*:

	2019	2018
	£ 000	£ 000
Operating lease rental charged:		
Other operating lease expense - property	-	8,447
Currency translation:		
Trading activities	1,073	217
Depreciation:		
On owned assets	3,778	4,311
On lease assets	10,844	-

None of the Directors received any emoluments (2018: none) in respect of their services to the Company.

Shell International Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

7 Staff costs

The aggregate payroll costs were as follows:

	2019 £ 000	2018 £ 000
Wages and salaries	167,670	152,710
Social security costs	27,665	21,960
Pension costs (note 16)	12,018	15,646
Share-based payment expenses (note 22)	15,588	16,346
	<u>222,941</u>	<u>206,662</u>

The average number of persons employed by the Company in 2019 was 1,062 (2018: 1,007).

8 Auditor's remuneration

The Auditor's remuneration of £183 thousand (2018: £146 thousand) 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 accounts of the Company because the Royal Dutch Shell plc consolidated financial statements are required to disclose such fees on a consolidated basis.

9 Tax on profit

Tax charge in the profit and loss account

The tax charge for the year of £ 1,168,000 (2018: £ 1,287,000) is made up as follows:

	2019 £ 000	2018 £ 000
Current taxation		
UK corporation tax	(49)	4,149
UK corporation tax adjustment to prior periods	(1,396)	3,856
Total current tax (credit)/charge	<u>(1,445)</u>	<u>8,005</u>

Shell International Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

9 Tax on profit (continued)

	2019	2018
	£ 000	£ 000
Deferred taxation		
Arising from origination and reversal of temporary differences	785	(1,288)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	1,828	(5,430)
Total deferred tax charge/(credit)	2,613	(6,718)
Tax charge in the profit and loss account	1,168	1,287

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% (2018: 19%).

The differences are reconciled below:

	2019	2018
	£ 000	£ 000
Profit before tax	(29,716)	(11)
Tax on profit calculated at standard rate (2019:19%) (2018:19%)	5,646	2
Effects of:		
Income exempt from taxation	(8,608)	(3,108)
Expenses not deductible	3,790	5,815
Adjustments in respect of prior periods	432	(1,574)
Deferred tax (credit)/expense relating to changes in tax rates or laws	(92)	152
Total tax charge	1,168	1,287

Shell International Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

9 Tax on profit (continued)

UK Finance Act (No 2) Act 2015 which introduced reductions in the UK corporation tax rate to 19% effective from 1 April 2017 and to 18% effective from 1 April 2020 was enacted on 15 November 2015.

UK Finance Act 2016 which introduced further reductions in the UK corporation tax rate to 17% effective 1 April 2020 was enacted on 15 September 2016.

On 11 March 2020, the UK government announced that the rate applicable from 1 April 2020 would be maintained at 19% and this was substantively enacted on 17 March 2020.

Since this change was not substantively enacted before the end of 2019, the relevant deferred tax balances have been measured at 17%, the rate enacted by the Balance Sheet date.

	2019	2018
	£ 000	£ 000
Deferred tax assets as at:		
Temporary difference in respect of capital allowance	13,924	13,434
Other items	<u>1,505</u>	<u>4,609</u>
	<u>15,429</u>	<u>18,043</u>

	At 1 January 2019 £ 000	Recognised in profit and loss account £ 000	At 31 December 2019 £ 000
Deferred tax movement during the year:			
Temporary difference in respect of capital allowance	13,434	490	13,924
Other items	<u>4,609</u>	<u>(3,104)</u>	<u>1,505</u>
	<u>18,043</u>	<u>(2,614)</u>	<u>15,429</u>

	At 1 January 2018 £ 000	Recognised in profit and loss account £ 000	At 31 December 2018 £ 000
Deferred tax movement during the prior year:			
Temporary difference in respect of capital allowance	7,157	6,277	13,434
Other items	<u>4,168</u>	<u>441</u>	<u>4,609</u>
	<u>11,325</u>	<u>6,718</u>	<u>18,043</u>

Shell International Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

9 Tax on profit (continued)

Deferred tax consists of the following deferred tax assets:

	2019	2018
	£ 000	£ 000
Deferred tax assets due more than 12 months	<u>15,429</u>	<u>18,043</u>
Total deferred tax	<u>15,429</u>	<u>18,043</u>

10 Intangible assets

	Computer software £ 000
Cost	
Balance at 1 January 2019	<u>75,793</u>
Balance at 31 December 2019	<u>75,793</u>
Accumulated amortisation and impairment	
Balance at 1 January 2019	<u>(75,793)</u>
Balance at 31 December 2019	<u>(75,793)</u>
Net book amount	
At 31 December 2019	<u>-</u>
At 31 December 2018	<u>-</u>

Shell International Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

11 Tangible assets

	Leasehold improvements £ 000	Plant and machinery £ 000	Assets under construction £ 000	Total £ 000
Cost or valuation				
Balance at 1 January 2019	31,681	11,484	15,758	58,923
Additions	71,051	5,325	8,817	85,193
Assets retirement obligation	(1,931)	-	-	(1,931)
Transfers	15,126	-	(15,126)	-
Balance at 31 December 2019	115,927	16,809	9,449	142,185
Accumulated Depreciation				
Balance at 1 January 2019	(24,231)	(11,268)	-	(35,499)
Charge for the year	(3,733)	(45)	-	(3,778)
Balance at 31 December 2019	(27,964)	(11,313)	-	(39,277)
Net book amount				
At 31 December 2019	87,963	5,496	9,449	102,908
At 31 December 2018	7,450	216	15,758	23,424

Shell International Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

12 Debtors

Debtors: amounts due within one year

	2019	2018
	£ 000	£ 000
Trade debtors	1,774	342
Amounts owed by Group undertakings:		
Fellow subsidiary undertakings	266,446	201,762
Amounts owed by participating undertakings	3,856	2,114
Prepayments and accrued income	948	8,304
Other debtors	41,949	96,760
Tax receivable	71,698	23,500
	<u>386,671</u>	<u>332,782</u>

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

The Company has recorded all financial assets at amortised cost.

Shell International Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

13 Creditors: amounts falling due within one year

	2019	2018
	£ 000	£ 000
Trade creditors	47,098	59,390
Amounts owed to Group undertakings		
Fellow subsidiary undertakings	214,388	39,931
Amounts due to participating undertakings	274	181
Lease liabilities	1,835	-
Tax liability	2,705	13,527
Social security	21,766	21,242
Accrued expenses	42,660	47,067
Other creditors	6,950	16,222
	<u>337,676</u>	<u>197,560</u>

Amounts owed to Group undertakings are payable upon demand bearing interest rate ranging from 0% to 2.48%.

The Company has recorded all financial liabilities at amortised cost.

14 Creditors: amounts falling due after more than one year

	2019	2018
	£ 000	£ 000
Trade and other payables	-	6,763
Long term lease liabilities	165,081	-
	<u>165,081</u>	<u>6,763</u>

Shell International Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

15 Leases

Right-of-use assets

The Group has lease contracts for various items of plant, machinery, vehicles and other equipment used in its operations.

Set out below are the carrying amounts of right-of use-assets recognised and the movements during the period:

	Buildings £ 000
Balance at 1 January 2019	156,476
Depreciation charge for the year	<u>(10,844)</u>
Balance at 31 December 2019	<u>145,632</u>

16 Pension and other schemes

The Company is a Member Company of the Shell Contributory Pension Fund ("SCPF"), a defined benefits pension scheme, which provides pensions and other post-retirement benefit entitlements to eligible United Kingdom employees. Apart from the contributions from employee members, which have a fixed maximum rate, the SCPF is funded entirely by contributions from Member Companies at rates certified from time to time by Aon Hewitt Limited, the SCPF's actuary. On 1 March 2013, the SCPF was closed to new entrants. At the same time, the Shell Group established the UK Shell Pension Plan ("UKSPP"), a defined contribution scheme, to provide benefits to new employees.

Aon Hewitt Limited carried out the triennial actuarial valuation of the SCPF as at 31 December 2017 using the projected unit method. The value of the SCPF's assets taken into account for the funding valuation at that date was £16,322 million and the value of the liabilities was £15,169 million. The principal financial assumptions adopted in the valuation were: a discount rate determined with reference to the UK Government Fixed Interest yield curve plus 1.25%; a price inflation rate being the difference between the UK Government Fixed Interest yield and the UK Government Index-Linked yield curves; and a rate of general salary increases fixed at 3.1% per annum. The funding surplus (excess of assets compared to the value of pension liabilities) was £1,153 million. This corresponded to a funding ratio (assets as a percentage of liabilities) of 108%.

Shell International Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

16 Pension and other schemes (continued)

A valuation was performed for accounting purposes at 31 December 2019 using assumptions set in line with the requirements of the IAS19 accounting standard. The principal financial assumptions adopted in the valuation were a discount rate of 2.05%, a rate of general salary increases of 3.0% for 2020 onwards, and a price inflation rate of 2.82%. The value of the SCPF's assets as at that date was £16,417 million and the value of the liabilities on this accounting basis was £15,127 million, meaning the surplus measured for accounting purposes was £1,290 million.

The plan assets of the scheme were invested mainly in quoted equities (18%) and debt instruments (52%), with the remainder (30%) invested across a variety of asset classes including real estate, private equity and other investment funds.

The Company is unable to identify its share of the scheme's underlying assets and liabilities on a consistent and reasonable basis to enable it to account for the plan as a defined benefit plan. There are no contractual or stated policies on which to base an allocation of the Fund's underlying assets and liabilities to member companies. Accordingly, the Company will continue to account for the SCPF as a defined contribution scheme.

The Company's contributions to the SCPF for the year amounted to £2,747 thousand (2018: £9,804 thousand). As a result of changes enacted to the funding of the SCPF during 2014, Company contributions are held in a Contribution Reserve Account ("CRA") to which the SCPF Trustee will have access under certain circumstances. Contributions were 10% for 2019, and will be 10% for 2020.

The cost of contributions to the UKSPP for the year amounts to £6,044 thousand (2018: £4,655 thousand).

Amounts have been paid to other Shell companies in respect of pension contributions for expat employees of £3,226 thousand (2018: £1,187 thousand).

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Notes to the financial statements for the year ended 31 December 2019 (continued)

16 Pension and other schemes (continued)

The Company is a Member Company of the Shell Overseas Contributory Pension Fund ("SOCPF"), a defined benefits pension scheme, which provides pensions and other post-retirement benefit entitlements for expatriate employees whose base country is the United Kingdom. Apart from the contributions from employee members, which have a fixed maximum rate, the SOCPF is funded entirely by contributions from Member Companies at rates certified from time to time by Aon Hewitt Limited, the SOCPF's actuary. On 1 March 2013, the SOCPF was closed to new entrants. At the same time, the Shell Group established the UK Shell Pension Plan ("UKSPP"), a defined contribution scheme, to provide benefits to new employees.

Aon Hewitt Limited carried out the triennial actuarial valuation of the SOCPF as at 31 December 2017 using the projected unit method. The value of the SOCPF's assets taken into account for the funding valuation at that date was £4,563 million and the value of the liabilities was £4,394 million. The principal financial assumptions adopted in the valuation were: a discount rate determined with reference to the UK Government Fixed Interest yield curve plus 1.75%; a price inflation rate being the difference between the UK Government Fixed Interest yield and the UK Government Index-Linked yield curves; and a rate of general salary increases fixed at 3.1% per annum. The funding surplus (excess of assets compared to the value of pension liabilities) was £169 million. This corresponded to a funding ratio (assets as a percentage of liabilities) of 104%.

The plan assets of the scheme were invested mainly in quoted equities (45%) and debt instruments (30%), with the remainder (25%) invested across a variety of asset classes including real estate, private equity and other investment funds.

The Company is unable to identify its share of the scheme's underlying assets and liabilities on a consistent and reasonable basis to enable it to account for the plan as a defined benefit plan. There are no contractual or stated policies on which to base an allocation of the Fund's underlying assets and liabilities to member companies. Accordingly, the Company will continue to account for the SOCPF as a defined contribution scheme.

The Company's contributions to the SOCPF for the year amounted to £ nil (2018: £ nil). Contributions are expected to remain at 30% of members' pensionable salaries until the next triennial valuation (due as at 31 December 2020).

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Notes to the financial statements for the year ended 31 December 2019 (continued)

17 Provisions

	Dilapidation £ 000	Onerous contracts £ 000	Redundancy £ 000	Total £ 000
Opening balance	11,146	2,621	15,964	29,731
Impact of IFRS 16	-	(2,621)	-	(2,621)
	<u>11,146</u>	<u>-</u>	<u>15,964</u>	<u>27,110</u>
Increase in existing provisions	-	-	14,372	14,372
Provisions used	-	-	(9,417)	(9,417)
Released to the profit and loss account	(6,852)	-	(16,519)	(23,371)
Increase due to passage of time or unwinding of discount (note 5)	162	-	-	162
Movement during the year	<u>(6,690)</u>	<u>-</u>	<u>(11,564)</u>	<u>(18,254)</u>
Balance as at 31 December 2019	<u><u>4,456</u></u>	<u><u>-</u></u>	<u><u>4,400</u></u>	<u><u>8,856</u></u>

18 Called up share capital

Allotted, called up and fully paid shares

	No.	2019 £	No.	2018 £
Allotted and fully paid of £1 each	<u>117,000,000</u>	<u>117,000,000</u>	<u>117,000,000</u>	<u>117,000,000</u>

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Notes to the financial statements for the year ended 31 December 2019 (continued)

19 Contingent liabilities

(a) In 2005, the Company entered into a five year Master Global Card Services Agreement with Citibank International plc (Citibank) to create a framework for the provision of corporate card services for the Company and other affiliates. Also in 2005, the Company entered into a guarantee in respect of such affiliates payment obligations with Citibank and its affiliates, under which the maximum principal guaranteed will not exceed USD 54 million. The Company entered into a Liquidity Support Agreement with the Shell Petroleum Company Limited (SPCo) under which SPCo will provide funding to the Company in the event that the Company cannot meet its payment obligations under the guarantee to an amount not exceeding USD 54 million.

(b) In 2010, the Company entered into a lease agreement with Canary Wharf Group for the lease of floors 8-17 of the building known as 40 Bank Street, Canary Wharf, London. Also in 2010, the Company entered into a guarantee in respect of its payment obligations with Canary Wharf Group up to a maximum of £50 million. The Company entered into a Guarantee agreement with Shell Finance (Netherlands) BV (SFN BV) under which SFN BV will provide funding to the Company in the event that the Company cannot meet its payment obligations under the Guarantee to an amount not exceeding £50 million.

(c) In 2016, the Company entered into a development and lease agreement with SBP 1 S.a.r.l and Braeburn Estates Management Company Ltd for the lease of the building South Bank Place upon completion of its construction. Also in 2016, the Company entered into a guarantee in respect of its payment obligations with SBP 1 S.a.r.l and Braeburn Estates Management Company Ltd up to a maximum of £250 million. The Company entered into a Guarantee agreement with Shell Finance (Netherlands) BV (SFN BV) under which SFN BV will provide funding to the Company in the event that the Company cannot meet its payment obligations under the Guarantee to an amount not exceeding £250 million.

20 Commitments

Capital commitments

The total amount contracted for but not provided in the financial statements was £ 5 million (2018: £ 82 million).

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Notes to the financial statements for the year ended 31 December 2019 (continued)

21 Events after the end of the reporting period

After the balance sheet date, we have seen macro-economic uncertainty with regards to prices and demand for oil, gas and products as a result of the COVID-19 (coronavirus) outbreak. Furthermore, recent global developments and uncertainty in oil supply in March have caused further abnormally large volatility in financial markets. The scale and duration of these developments remain uncertain but could impact our earnings, cash flow and financial condition. These developments are not expected to materially impact the recoverability of receivables from other group companies. The RDS plc group actively assesses the situation across the globe to ensure business continuity plans are put in place to sustain operations and supply chains with a focus on safe working environments and safe conditions for employees and contractors.

22 Share-based payments

Conditional awards of Royal Dutch Shell plc shares are made under an amended long-term incentive plan (the 'Performance Share Plan') when making awards to employees who are not Executive Directors of Royal Dutch Shell plc. The actual amount of shares that may vest, ranging from 0-200% of the conditional awards, depends on the measurement of the prescribed performance conditions over a three-year period beginning on 1 January of the award year. For awards granted in 2016 and 2017, half the award is linked to the relative performance compared to four of its main competitors in Total Shareholder Return ('TSR') measure, earnings per share, cash flow from operations and return on actual capital employed over the measurement period. The other half of the award is linked to the Shell scorecard results.

For awards granted in 2018 and 2019, 37.5% of the award is linked to the relative performance compared to four of its competitors in TSR, cash flow from operations and return on actual capital employed and 12.5% to a free cash flow factor relative to internal operating plans over the remeasurement period. The other half of the award is linked to the Shell scorecard results.

The weighted average market price for exercises in 2019 was £ 23.47 (2018: £ 22.60) for Royal Dutch Shell plc Class A shares, £ 23.67 (2018: £ 22.80) for Royal Dutch plc Shell Class B shares, and £ 47.07 (2018: £ 45.78) for Royal Dutch Shell plc Class A ADRs. For the performance shares which were outstanding as at 31 December 2019, the weighted average exercise price is £ nil (2018: £ nil) and the weighted average remaining contractual life is 0.98 years (2018: 1 year).

The profit and loss charge for 2019 is £ 15,588 thousand (2018: £ 16,346 thousand)

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Notes to the financial statements for the year ended 31 December 2019 (continued)

23 Related party transactions

The details of related party transactions that occurred during the year and the year end balance outstanding are as follows:

Related party name	Receivable / (payable) balance as at		Sales/(purchase) during the year	
	2019 £ 000	2018 £ 000	2019 £ 000	2018 £ 000
Shell Midstream Partners, L.P.	144	-	144	-
Brunei Shell Petroleum Company Sendirian Berhad	404	24	963	1,131
Raizen Energia S.A	-	3	3	6
Pecten Midstream LLC	61	-	61	-
Nederlandse Aardolie Maatschappij B.V.	93	89	699	1,211
Petroleum Development Oman Llc	663	432	-	-
Nigeria LNG Limited	30	-	30	-
Oman LNG Llc	4	3	-	-
Shell & BP South African Petroleum Refineries (PTY) Limited	19	20	-	-
Infineum International Limited	-	-	348	197
Alliance Holding LLC	8	3	3	3
Brunei LNG Sendirian Berhad	-	81	(80)	80
Pilipinas Shell Petroleum Corporation	482	(73)	526	369
Shell & Turcas Petrol A.S.	26	13	841	28
Shell Oman Marketing Company SAOG	4	5	2	4
Salym Petroleum Development N.V.	533	1,437	519	12
Shell Downstream South Africa (Pty) Ltd	535	(2)	1,203	480

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Notes to the financial statements for the year ended 31 December 2019 (continued)

23 Related party transactions (continued)

Related party name	Receivable / (payable) balance as at		Sales/(purchase) during the year	
	2019 £ 000	2018 £ 000	2019 £ 000	2018 £ 000
Shell Pakistan Limited	65	21	(45)	83
Shell MDS (Malaysia) Sendirian Berhad	-	7	-	-
Salym Petroleum Services B.V.	15	31	(18)	18
Dragon LNG Limited	496	-	606	537
Hankook Shell Oil Company	-	-	56	36
Shell Timur Sdn. Bhd.	-	(29)	142	94
STISA (Pty) Limited	-	-	-	67