

**SHELL TREASURY EURO COMPANY LIMITED**

**DIRECTORS' REPORT**

**AND ACCOUNTS**

**2004**



Registered in England & Wales: 3469395

SHELL TREASURY EURO COMPANY LIMITED

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## **SHELL TREASURY EURO COMPANY LIMITED**

### **DIRECTORS' REPORT**

The Directors submit their annual report and audited accounts for the year ended 31 December 2004.

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

The principal activity of the Company is the receiving of funds from, and the provision of loan facilities to, subsidiaries of the Royal Dutch/Shell Group of companies mainly in the form of the making of loans or the purchase of their securities.

In addition the Company plays an important strategic role in the management of the Royal Dutch/Shell Group's overall foreign currency position. In so doing, the Company had foreign exchange exposures in US Dollars and Sterling. During the year, the foreign exchange risk was off laid to another subsidiary company. The reporting/functional currency of Shell Treasury Euro Company Limited is Euros. Although Shell Treasury Euro Company Limited is a UK registered company, its main purpose is to manage the structural currency position of the Shell Group and to act as a Euro lending vehicle.

The Company's profit for the financial year is EUR 132,048,000 (2003 restated: EUR 200,179,000). The Directors consider the year-end position of the company to be satisfactory.

The 2003 comparatives have been restated as a result of an error in the calculation of interest income receivable from Group companies. The impact of this error has resulted in an understatement of interest receivable from Group companies in 2003 and 2002 of EUR 120,465,000 and EUR 136,404,000 respectively.

The Directors recommend that no dividend be declared for the year ended 31 December 2004 (2003: EUR Nil).

No significant change in the business of the Company is expected in the immediately foreseeable future.

#### **DIRECTORS**

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

K. A. Dean	Resigned 23 February 2005
P. J. Ellingsworth	Appointed 11 May 2004
A. W. Longden	
F. P. Marret	
R. J. Milnes	Resigned 5 May 2004
J. E. Munsiff	

## SHELL TREASURY EURO COMPANY LIMITED

### DIRECTORS' REPORT (Continued)

#### DIRECTORS' INTERESTS

- i.) The Directors' shareholding and debenture-holding interests (other than share options) in Royal Dutch Petroleum Company ("Royal Dutch") and its subsidiary undertakings recorded in the Register of such interest were as follows:

##### Royal Dutch ordinary shares

	€0.56 each Shares held 1 January 2004	Shares acquired in the year	€0.56 each Shares held 31 December 2004
F. P. Marret	262	132	394
K. A. Dean	2,325	-	2,325
P. J. Ellingsworth	-	121	121

- ii.) The interests of the Directors of the Company in shares of Royal Dutch under share option schemes as recorded in the Register of such interests were as follows:

##### Royal Dutch ordinary shares

	€0.56 each Options Outstanding 1 January 2004	Options Granted	€0.56 each Options Outstanding 31 December 2004
K. A. Dean	14,850	-	14,850
F. P. Marret	10,900	3,000	13,900
P. J. Ellingsworth	167,075*	-	167,075

\*Options held at date of appointment.

According to the Register of Directors' interests, no other Directors had any such interests in Royal Dutch or in any other undertaking requiring disclosure under the Companies Act 1985.

#### POST BALANCE SHEET EVENTS

Refer to Note 14 "Post balance sheet events".

#### CREDITOR PAYMENT POLICY

The Company is a treasury management business and as such has no trade creditors. Accordingly there are no creditor payment statistics to be disclosed.

**SHELL TREASURY EURO COMPANY LIMITED**  
**DIRECTORS' REPORT (Continued)**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Companies Act 1985 requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those accounts, the Directors are required to:

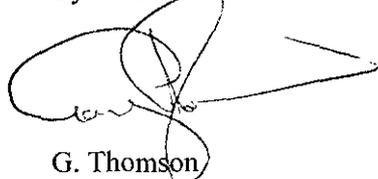
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts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

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the accounts comply with the Companies Act 1985. 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.

**AUDITORS**

The Company has passed an Elective Resolution in accordance with the Companies Act 1985 to dispense with the holding of annual general meetings, the laying of accounts and reports before general meetings and the annual reappointment of Auditors. PricewaterhouseCoopers LLP will, accordingly, continue in office as Auditors of the Company pursuant to Section 386 of the Companies Act 1985. However, pursuant to Section 253(2) of the Companies Act 1985, any Member or the Auditors of the Company may require the accounts and reports to be laid before a general meeting by depositing a notice to that effect at the registered office of the Company not later than 28 days after the despatch of the accounts and reports to Members.

By order of the Board



G. Thomson  
Authorised signatory for  
Shell Corporate Secretary Limited  
Company Secretary  
27 July 2005

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SHELL TREASURY EURO COMPANY LIMITED

We have audited the accounts, which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet, and the related notes.

## Respective responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the annual report and the accounts in accordance with applicable United Kingdom law and accounting standards are set out in the statement of Directors' responsibilities.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the accounts, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. The other information comprises only the Directors' report.

## Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

## Opinion

In our opinion the accounts give a true and fair view of the state of the Company's affairs at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London  
27 July 2005

**SHELL TREASURY EURO COMPANY LIMITED**

**PROFIT AND LOSS ACCOUNT**

**For the year ended 31 December 2004**

		<b>2004</b>	<b>Restated</b>
	<b>Note</b>	<b>EUR'000</b>	<b>2003</b>
<b>Continuing operations</b>			<b>EUR'000</b>
Net (losses) / gains on foreign exchange		(1,088)	263,464
Other interest receivable and similar income	2	1,166,434	775,562
Interest payable and similar charges	3	(983,161)	(765,784)
Administration expenses		(889)	(1,619)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE</b>			
<b>TAXATION</b>	4	181,296	271,623
Tax on profit on ordinary activities	5	(49,248)	(71,444)
<b>PROFIT FOR THE YEAR AND RETAINED PROFIT</b>			
<b>FOR THE YEAR</b>		<u>132,048</u>	<u>200,179</u>

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

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

**For the year ended 31 December 2004**

		<b>2004</b>	<b>Restated</b>
	<b>Note</b>	<b>EUR'000</b>	<b>2003</b>
			<b>EUR'000</b>
<b>PROFIT FOR THE FINANCIAL YEAR AND TOTAL</b>			
<b>RECOGNISED GAINS AND LOSSES FOR THE YEAR</b>		132,048	<u>200,179</u>
Prior year adjustment	13	256,869	
Tax on prior year adjustment		(73,771)	
		<u>183,098</u>	
Total recognised gains and losses since last annual report		<u>315,146</u>	

**SHELL TREASURY EURO COMPANY LIMITED**

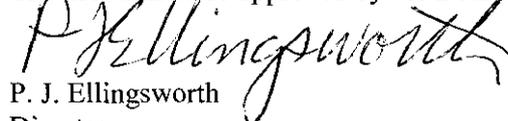
**BALANCE SHEET**

At 31 December 2004

	Note	2004 EUR'000	Restated 2003 EUR'000
<b>CURRENT ASSETS</b>			
Debtors - amounts falling due within one year	6	29,015,759	19,122,109
Debtors - amounts falling due after more than one year	6	5,772,355	4,008,161
Investments	7	832,491	-
Cash at bank and in hand		26	25
		<u>35,620,631</u>	<u>23,130,295</u>
<b>CREDITORS: amounts falling due within one year</b>	8	(22,636,982)	(10,824,190)
<b>NET CURRENT ASSETS</b>		<u>12,983,649</u>	<u>12,306,105</u>
<b>CREDITORS: amounts falling due after more than one year</b>	9	(12,112,970)	(11,567,474)
<b>NET ASSETS</b>		<u>870,679</u>	<u>738,631</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	715,809	715,809
Profit and loss account	11	154,870	22,822
<b>SHAREHOLDERS' FUNDS</b>		<u>870,679</u>	<u>738,631</u>
<b>ANALYSIS OF SHAREHOLDERS' FUNDS</b>			
Equity		154,871	22,823
Non-equity		715,808	715,808
		<u>870,679</u>	<u>738,631</u>

The Notes on pages 7 to 15 form part of these accounts.

The accounts were approved by the Board of Directors and were signed on its behalf by:



P. J. Ellingsworth  
Director  
27 July 2005

# SHELL TREASURY EURO COMPANY LIMITED

## NOTES TO THE ACCOUNTS

For the year ended 31 December 2004

### 1. Accounting policies

#### a) Accounting convention and compliance with Accounting Standards

The accounts have been prepared on a going concern basis under the historical cost convention as modified by the revaluation of foreign exchange contracts on a mark to market basis (see Note 1(e)) and in accordance with the Companies Act 1985, and applicable Accounting Standards in the UK and the accounting policies as described below.

In the opinion of the Directors, disclosure of turnover is most appropriately represented for the Company by profit on ordinary activities, comprising interest receivable and similar income, interest payable and similar charges and net gain/loss on foreign exchange. This represents an adaptation of the profit and loss account format laid down in Schedule 4 to the Companies Act 1985 due to the special nature of the Company's business.

#### b) Group accounts

The immediate parent company is The Shell Petroleum Company Limited.

At the year-end, the ultimate parent company was N.V. Koninklijke Nederlandsche Petroleum Maatschappij (Royal Dutch Petroleum Company), which is incorporated in the Netherlands. The ultimate parent company owns 60% of the share capital of The Shell Petroleum Company Limited, which is the main holding company in the UK, of which this Company is a direct subsidiary. The remaining 40% is owned by The "Shell" Transport and Trading Company, p.l.c ("ST&T").

On 28 June 2005, the shareholders of Royal Dutch and ST&T approved proposals to unify the two companies under a single parent company, Royal Dutch Shell plc, which is incorporated in the UK. All necessary conditions to approve the unification were fulfilled by 20 July 2005 and consequently the ultimate parent company changed to Royal Dutch Shell plc on that date.

The accounts of the Company are incorporated in the accounts of the Royal Dutch/Shell Group of Companies, which are included in the annual reports of Royal Dutch Petroleum Company and ST&T.

Copies of the accounts of the Royal Dutch/Shell Group of Companies are available from:

Publications and Communications Administration  
Group External Affairs  
PXXC Division  
Shell Centre  
London  
SE1 7NA  
United Kingdom

**SHELL TREASURY EURO COMPANY LIMITED**

**NOTES TO THE ACCOUNTS (Continued)**

**For the year ended 31 December 2004**

**1. Accounting policies (Continued)**

**c) Taxation**

The Company records a tax charge or credit in the profit and loss account calculated at the tax rate prevailing in the year for tax payable to HM Customs and Revenue, or for group relief to surrender to or to be received from other Group undertakings, and for which payment may be requested.

In the event that payment should be made at a rate different from the tax rate prevailing in the current year, adjustments would be taken up to reflect the rate differential.

**d) Foreign currency translation**

The Company maintains its records in Euros.

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

Monetary assets and liabilities recorded in foreign currencies have been expressed in Euros at the rates of exchange ruling at the year end. Differences on translation are included in the profit and loss account.

The Euro to Sterling exchange rate at the year end was 1.4142 (2003: 1.4134). The average Euro to Sterling rate for 2004 was 1.4739 (2003: 1.4459).

**e) Spot foreign exchange contracts, forward foreign exchange and foreign exchange swap contracts**

All forward foreign exchange contracts and foreign exchange swap contracts are marked to market and gains and losses are offset in the profit and loss account against those arising on the assets or liabilities (see Note 1(d)). This represents a departure from the Companies Act 1985, as far as gains are concerned. The Directors consider that this treatment and the departure from the Act are necessary in order to present a true and fair view of the financial position of the Company. The effect of the departure has not been disclosed as the Directors consider that such information would be misleading.

**f) Interest rate and cross currency interest rate swaps**

Interest rate and cross currency interest rate swaps are acquired and held for hedging purposes. Income and expense arising from such transactions are accrued in the profit and loss account, consistent with the basis applied to the underlying transactions. Interest rate swaps are not revalued to fair value or shown in the balance sheet at the year end. The foreign currency portion of cross currency interest rate swaps is marked to market and gains and losses are taken through the profit and loss account. This treatment is a departure from the Companies Act 1985 as detailed in Note 1(e).

**SHELL TREASURY EURO COMPANY LIMITED**

**NOTES TO THE ACCOUNTS (Continued)**

**For the year ended 31 December 2004**

**1. Accounting policies (Continued)**

**g) Segmental analysis**

The Company's business is the receiving of funds from and the provision of long-term loan facilities to subsidiaries of the Royal Dutch/Shell Group of Companies principally in the form of the making of loans or the purchase of their securities. The profits generated by this activity arise in the United Kingdom. Accordingly the Directors are of the opinion that the Company operates in only one class of business and one geographical segment.

**h) Current asset investments**

Current asset investments are carried at the lower of cost and net realisable value.

**i) Group indebtedness**

Intra-group loans and borrowings have been presented on the balance sheet by reference to the earliest contractual date on which the lender can require repayment.

**j) Netting-off policy**

Balances with other Group companies in the Royal Dutch/Shell Group of companies are stated gross, unless all of the following conditions are met:

- (i) The Company and the counterparty owe each other determinable monetary amounts, denominated either in the same currency, or in different but freely convertible currencies;
- (ii) The Company has the ability to insist on a net settlement; and
- (iii) The Company's ability to insist on a net settlement is assured beyond doubt. For this to be the case it is necessary that the debit balance matures no later than the credit balance. It is also necessary that the Company's ability to insist on a net settlement would survive the insolvency of the counterparty.

**k) Revenue recognition**

Interest receivable and payable is recognised on an accrual basis, that is as it is earned or incurred and dealt with in the profit and loss account of the period to which it relates.

**l) Cash flow statement**

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

**m) Related party disclosures**

In accordance with the exemption allowed by paragraph 3(c) of Financial Reporting Standard 8, no disclosure is made of transactions with other member companies of the Royal Dutch/Shell Group or investees of the Group qualifying as related parties.

**SHELL TREASURY EURO COMPANY LIMITED****NOTES TO THE ACCOUNTS (Continued)**

For the year ended 31 December 2004

**2. Other interest receivable and similar income**

	<b>2004</b> <b>EUR'000</b>	<b>Restated</b> <b>2003</b> <b>EUR'000</b>
Receivable from Group companies	1,159,350	772,028
Swap income - Group companies	7,084	3,534
	<u>1,166,434</u>	<u>775,562</u>

Interest receivable from Group companies for the year ended 31 December 2003 has been restated. See Note 13.

**3. Interest payable and similar charges**

	<b>2004</b> <b>EUR'000</b>	<b>2003</b> <b>EUR'000</b>
Payable to Group companies	893,792	612,991
Bank loans and overdrafts	2,452	39
Swap expense - Group companies	86,917	152,754
	<u>983,161</u>	<u>765,784</u>

**4. Profit on ordinary activities before taxation**

Profit on ordinary activities before taxation is stated after charging the following:

	<b>2004</b> <b>EUR'000</b>	<b>2003</b> <b>EUR'000</b>
Auditors' remuneration for audit services	<u>52</u>	<u>66</u>

Fees for non-audit services were EUR Nil (2003: EUR Nil).

The Company had no employees during the year (2003: Nil). A recharge is made to the Company for services rendered by employees of another Group undertaking.

None of the Directors received any emoluments in respect of their services to the Company (2003: Nil).

**SHELL TREASURY EURO COMPANY LIMITED****NOTES TO THE ACCOUNTS (Continued)****For the year ended 31 December 2004****5. Tax on profit on ordinary activities**

The charge for the year of EUR 49,248,000 (2003 restated: EUR 71,444,000) is made up as follows:

	<b>2004</b>	<b>Restated</b>
	<b>EUR'000</b>	<b>2003</b>
		<b>EUR'000</b>
UK corporation tax at the standard rate of 30% (2003: 30%)	53,250	86,776
Adjustments in respect of prior years	(5,839)	(15,332)
Foreign exchange movements	1,837	-
	<hr/>	<hr/>
Total current tax charge	49,248	71,444
	<hr/>	<hr/>

The tax assessed for the year differs from the standard rate of UK corporation tax (30%). The differences are explained below:

	<b>2004</b>	<b>Restated</b>
	<b>EUR'000</b>	<b>2003</b>
		<b>EUR'000</b>
Profit on ordinary activities before tax	(181,296)	(271,623)
	<hr/>	<hr/>
Tax on profit on ordinary activities at standard UK corporation tax rate of 30% (2003: 30%)	54,389	81,487
Effects of:		
Utilisation of unrecognised losses brought forward	(1,139)	-
Adjustments to the tax charge in respect of prior years	(5,839)	(15,332)
Foreign exchange movements on tax creditor	1,837	5,289
	<hr/>	<hr/>
Current tax charge for the year	49,248	71,444
	<hr/>	<hr/>

**SHELL TREASURY EURO COMPANY LIMITED**

**NOTES TO THE ACCOUNTS (Continued)**

**For the year ended 31 December 2004**

**6. Debtors**

	<b>2004 Within 1 Year EUR'000</b>	<b>2004 Over 1 Year EUR'000</b>	<b>2003 Within 1 Year EUR'000</b>	<b>2003 Over 1 Year EUR'000</b>
Amounts owed by Group undertakings:				
Parent undertaking	-	2,195,737	-	-
Fellow subsidiary undertakings	28,999,852	3,576,618	19,096,576	4,008,161
Other debtors	4,612	-	3,931	-
Tax receivable	6,462	-	10,122	-
Prepayments and accrued income	4,833	-	11,480	-
	<u>29,015,759</u>	<u>5,772,355</u>	<u>19,122,109</u>	<u>4,008,161</u>
	<u>34,788,114</u>		<u>23,130,270</u>	

**7. Current asset investments**

	<b>2004 EUR'000</b>	<b>2003 EUR'000</b>
Term deposits	650,000	-
Euro commercial paper	182,491	-
	<u>832,491</u>	<u>-</u>

**SHELL TREASURY EURO COMPANY LIMITED****NOTES TO THE ACCOUNTS (Continued)**

For the year ended 31 December 2004

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

	<b>2004</b>	<b>2003</b>
	<b>EUR'000</b>	<b>EUR'000</b>
Bank loans and overdrafts	2	9
Amounts owed to fellow subsidiary undertakings	22,628,822	10,819,780
Other creditors	1,423	1,358
Accruals and deferred income	6,735	3,043
	<u>22,636,982</u>	<u>10,824,190</u>

There was no unprovided deferred taxation liability at 31 December 2004 (2003: Nil).

**9. Creditors: amounts falling due after more than one year**

	<b>2004</b>	<b>Restated</b>
	<b>EUR'000</b>	<b>2003</b>
		<b>EUR'000</b>
Amounts owed to Group undertakings:		
Parent undertaking	-	398,883
Fellow subsidiary undertakings	12,112,970	11,168,591
	<u>12,112,970</u>	<u>11,567,474</u>
Maturity analysis:		
Within one to two years	1,544,647	1,768,737
Within two to five years	1,414,287	784,949
After five years	9,154,036	9,013,788
	<u>12,112,970</u>	<u>11,567,474</u>

Amounts owed to Group parent undertakings at 31 December 2003 have been restated. See Note 13.

Amounts due to Group undertakings are unsecured.

Creditors greater than one year attract an interest rate charge of LIBID from the parent company and LIBOR from fellow treasury subsidiary undertakings.

**SHELL TREASURY EURO COMPANY LIMITED**

**NOTES TO THE ACCOUNTS (Continued)**

**For the year ended 31 December 2004**

**10. Called-up share capital**

	<b>2004</b>	<b>2003</b>
	<b>EUR'000</b>	<b>EUR'000</b>
Authorised		
1,000 (2003: 1,000) ordinary shares of EUR 0.5113 each	1	1
1,400,000,000 (2003: 1,400,000,000) redeemable shares of EUR 0.5113 each	715,808	715,808
	<u>715,809</u>	<u>715,809</u>
Allotted, called up and fully paid		
1,000 (2003: 1,000) ordinary shares of EUR 0.5113 each	1	1
1,400,000,000 (2003: 1,400,000,000) redeemable shares of EUR 0.5113 each	715,808	715,808
	<u>715,809</u>	<u>715,809</u>

The redeemable shares may be redeemed by the Company or the shareholders for cash at par, the earliest date being 6 months from the date of allotment, provided that 30 days' notice is given. The shares rank pari passu with the equity share capital of the Company.

**11. Reconciliation of movements in reserves and shareholders' funds**

	<b>Share capital</b>	<b>Restated Profit and loss account</b>	<b>Restated Shareholders' funds</b>
	<b>EUR'000</b>	<b>EUR'000</b>	<b>EUR'000</b>
At 1 January 2003	715,809	(272,840)	442,969
Retained profit for the year	-	112,564	112,564
At 1 January 2004 as published	715,809	(160,276)	555,533
Prior year adjustment	-	183,098	183,098
At 1 January 2004 restated	715,809	22,822	738,631
Retained profit for the year	-	132,048	132,048
At 31 December 2004	<u>715,809</u>	<u>154,870</u>	<u>870,679</u>

The profit and loss account for 2003 has been restated. See Note 13.

**SHELL TREASURY EURO COMPANY LIMITED**

**NOTES TO THE ACCOUNTS (Continued)**

**For the year ended 31 December 2004**

**12. Commitments and contingent liabilities**

The Company uses various derivative financial instruments to manage market risks and conduct trading activities. The credit, market and liquidity risks associated with these derivative financial instruments are managed in conjunction with the balance sheet activities. The Company is exempt from the disclosures required by FRS13 as it does not meet the FRS13 definition of a bank or similar institution, nor does it have capital instruments that are publicly listed or traded.

There were no other outstanding commitments and contingent liabilities at 31 December 2004 (2003: Nil).

**13. Prior year adjustment**

The 2003 comparatives have been restated as a result of an error in the calculation of interest income receivable from Group companies. The impact of this error has resulted in an understatement of interest receivable from Group companies in 2003 and 2002 of EUR 120,465,000 and EUR 136,404,000 respectively. The restatement on the balance sheet has been to reduce the amount owed to the Parent undertaking of EUR 256,869,000 in 2003. The tax effect in the profit and loss for 2003 and 2002 is EUR 36,140,000 and EUR 40,921,000 respectively. In addition, a foreign exchange gain has arisen in the tax asset of EUR 3,290,000 related to 2003. This resulted in a total prior year adjustment of EUR 183,098,000.

**14. Post balance sheet events**

On 28 June 2005, the shareholders of Royal Dutch and ST&T approved proposals to unify the two companies under a single parent company, Royal Dutch Shell plc, which is incorporated in the UK. All necessary conditions to approve the unification were fulfilled by 20 July 2005 and consequently the ultimate parent company changed to Royal Dutch Shell plc on that date.