

Registration number: 1287989

Shell Global LNG Limited (formerly known as BG Global Energy Limited)

Annual Report

and

Financial Statements

For the year ended 31 December 2018

MONDAY



\*L8F4FGSB\*

LD2

30/09/2019

#200

COMPANIES HOUSE

**Shell Global LNG Limited (formerly known as BG Global Energy Limited)**

**Contents**

Strategic report	1 to 2
Directors' report	3 to 5
Independent Auditor's report	6 to 8
Profit and loss Account	9
Statement of comprehensive income	10
Balance sheet	11
Statement of changes in equity	12
Notes to the financial statements	13 to 34

## **Shell Global LNG Limited (formerly known as BG Global Energy Limited)**

### **Strategic report for the year ended 31 December 2018**

The Directors present their strategic report on Shell Global LNG Limited (formerly known as BG Global Energy Limited) (also referred to as the “Company”) for the year ended 31 December 2018.

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**

Shell Global LNG Limited (formerly known as BG Global Energy Limited) (the “Company”) was incorporated on 25 November 1976 for the exploration for, and production of, oil and gas hydrocarbons in the United Kingdom. The Company is a wholly owned subsidiary of BG LNG Trading LLC.

The Atlantic and Cromarty oil fields ceased production in 2009 and are currently in the decommissioning phase. Other UK interests were divested in 2017.

The Company has a branch in Singapore. The Branch is responsible for the purchase and sale of LNG under existing long term LNG supply and sales contracts. Primary sales are in Asian markets although there are sales on a global basis.

The Company’s profit for the financial year increased from £412,975,000 in 2017 to £1,066,747,000 in 2018. This is principally due to the increase in sale of LNG by the branch.

The Company has a 100% shareholding in BG North investments Ltd.

In 2017, the Company recognised an impairment on its investment.

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 15 to 20 of Royal Dutch Shell’s Annual Report and Form 20-F for the year ended 31 December 2018 (the “Group Report”), include those of the Company. (The Group Report does not form part of this report).

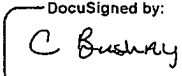
**Shell Global LNG Limited (formerly known as BG Global Energy Limited)**

**Strategic report for the year ended 31 December 2018 (continued)**

**Key Performance Indicators**

Companies of the Shell Group comprise the Upstream businesses of Exploration and Production, Integrated Gas 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 29 to 61 of the Group Report and the key performance indicators through which the Group's performance is measured are as set out on pages 27 to 28 of the Group Report.

Approved by the Board on 26 September 2019 and signed on its behalf by:

DocuSigned by:  
  
.....7D7CDD6326B34A6.....

Claire Bushay

Company secretary

## **Shell Global LNG Limited (formerly known as BG Global Energy Limited)**

### **Directors' report for the year ended 31 December 2018**

The Directors present their report and the financial statements of Shell Global LNG Limited (formerly known as BG Global Energy Limited) (also referred to as the "Company") for the year ended 31 December 2018.

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

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

#### **Dividends**

The Directors declared and paid an interim dividend for the year ended 31 December 2018 of £435,786,000 (2017: £719,683,000). The Directors recommend that no further dividend be paid for the year ended 31 December 2018 (2017: £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:

J Huijsmans (appointed 14 March 2018)

S J Hill

M W Eide

J S M Van Bunnik (resigned 16 April 2018)

D W Wells (resigned 29 October 2018)

H E L Jones (appointed 28 May 2018)

T. Summers (appointed 1 September 2018)

Saheera Ahmad (appointed 8 August 2018)

## **Shell Global LNG Limited (formerly known as BG Global Energy Limited)**

### **Directors' report for the year ended 31 December 2018 (continued)**

#### **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 103 to 104 and note 19).

#### **Qualifying third party indemnities**

Certain Directors have been granted qualifying third-party indemnity under Section 234 of the Companies Act 2006 by BG Group Limited, which remains in force. The indemnity does not apply in the event the indemnified individual is proved to have acted fraudulently or dishonestly.

#### **Branches outside of United Kingdom**

In October 2014 the Company opened a branch in Singapore (the Branch). The Branch began trading in December 2014, after acquiring LNG assets and business from affiliated companies.

#### **Statement of Directors' responsibilities**

The Directors acknowledge their responsibilities for preparing the Directors' Report and the Company's financial statements in accordance with applicable law 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 FRS 101 has 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.

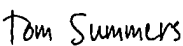
**Shell Global LNG Limited (formerly known as BG Global Energy Limited)**

**Directors' report for the year ended 31 December 2018 (continued)**

**Disclosure of information to the auditor**

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

Approved by the Board on 26 September 2019 and signed on its behalf by:

DocuSigned by:  
  
93B33C67120F48A...

.....  
T. Summers  
Director

## **Independent Auditor's report to the Member of Shell Global LNG Limited (formerly known as BG Global Energy Limited)**

### **Opinion**

We have audited the financial statements of Shell Global LNG Limited (formerly known as BG Global Energy Limited) (the "Company") for the year ended 31 December 2018, which comprise the Profit and loss account, Statement of comprehensive income, Balance sheet, Statement of changes in equity, and the related notes 1 to 20, 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 2018 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.

### **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 Global LNG Limited (formerly known as BG Global Energy Limited) (continued)**

**Other information**

The other information comprises the information included in the annual report set out on pages 1 to 5, 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 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 Global LNG Limited (formerly known as BG Global Energy Limited) (continued)**

**Responsibilities of Directors**

As explained more fully in the Statement of Directors' responsibilities set out on page 4, 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.*

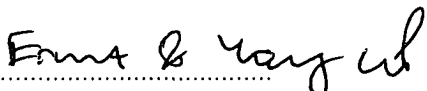
**Auditor's responsibilities for the audit of the financial statements**

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.

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

Date: 26<sup>th</sup> September 2019

Shell Global LNG Limited (formerly known as BG Global Energy Limited)

Profit and loss Account for the year ended 31 December 2018

	Note	2018 £ 000	Continuing operations 2017 £ 000	Discontinued operations 2017 £ 000	Total 2017 £ 000
<b>Turnover</b>	5	10,001,298	7,894,522	393,807	8,288,329
Cost of sales		(8,884,363)	(7,468,507)	(6,309)	(7,474,816)
<b>GROSS PROFIT</b>		<b>1,116,935</b>	<b>426,015</b>	<b>387,498</b>	<b>813,513</b>
Administrative expenses		(48,071)	(47,097)	(10,647)	(57,744)
Other income /(expense)		5,932	3,180	(37,489)	(34,310)
<b>OPERATING PROFIT</b>		<b>1,074,796</b>	<b>382,098</b>	<b>339,362</b>	<b>721,459</b>
Income from shares in subsidiary undertakings		-	639,024	-	639,024
Amounts provided against investments	13	-	(634,848)	-	(634,848)
Profit on disposal of fixed assets	4	6,541	-	158,881	158,881
<b>PROFIT BEFORE INTEREST AND TAXATION</b>		<b>1,081,337</b>	<b>386,274</b>	<b>498,243</b>	<b>884,516</b>
Interest receivable and similar income	6	129,255	7,011	-	7,011
Interest payable and similar charges	7	(571)	(362,046)	(3,844)	(365,890)
<b>PROFIT BEFORE TAXATION</b>		<b>1,210,021</b>	<b>31,239</b>	<b>494,399</b>	<b>525,637</b>
Tax on profit	10	(143,274)	14,953	(127,615)	(112,662)
<b>PROFIT FOR THE YEAR</b>		<b>1,066,747</b>	<b>46,192</b>	<b>366,784</b>	<b>412,975</b>

**Shell Global LNG Limited (formerly known as BG Global Energy Limited)**

**Statement of comprehensive income for the year ended 31 December 2018**

	<b>2018</b>	<b>2017</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Profit for the year</b>	<b>1,066,747</b>	<b>412,975</b>
<b>Other comprehensive income: Items that may be reclassified subsequently to profit or loss</b>		
Foreign currency translation gain	16,966	71,784
<b>Other comprehensive income for the year, net of tax</b>	<b>16,966</b>	<b>71,784</b>
<b>Total comprehensive income for the year</b>	<b>1,083,713</b>	<b>484,759</b>

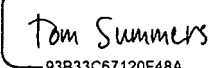
The functional currency of the Singapore branch of the Company is USD. The foreign currency loss recognised in other comprehensive income in 2018 is due to the translation differences of the Singapore branch, when converting its balance sheet and profit and loss account into Pounds Sterling (£), which is the presentational currency of the Company.

**Shell Global LNG Limited (formerly known as BG Global Energy Limited)**

**(Registration number: 1287989)  
Balance sheet as at 31 December 2018**

	Note	2018 £ 000	2017 £ 000
<b>Fixed assets</b>			
Intangible assets	11	1,018	2,046
Trade and other receivables	15	139,086	146,649
Deferred tax	10	4,039	6,406
		<u>144,143</u>	<u>155,101</u>
<b>Current assets</b>			
Stock	14	250,457	206,628
Debtors	15	2,448,072	2,263,614
Cash at bank		-	12
		<u>2,698,529</u>	<u>2,470,254</u>
<b>Creditors: Amounts falling due within one year</b>	16	<u>(1,347,736)</u>	<u>(1,719,595)</u>
<b>Net current assets</b>		<u>1,350,793</u>	<u>750,659</u>
<b>Total assets less current liabilities</b>		<u>1,494,936</u>	<u>905,760</u>
<b>Creditors: Amounts falling due after more than one year</b>	17	(34,510)	(87,380)
<b>Provisions</b>	18	<u>(10,097)</u>	<u>(15,978)</u>
<b>Net assets</b>		<u>1,450,329</u>	<u>802,402</u>
<b>Equity</b>			
Called up share capital	19	69	69
Share premium reserve	19	365,826	365,826
Other reserves	19	(70,435)	(70,435)
Currency translation reserve		88,750	71,784
Profit and loss account		<u>1,066,119</u>	<u>435,158</u>
<b>Total equity</b>		<u>1,450,329</u>	<u>802,402</u>

The financial statements on pages 9 to 34 were authorised for issue by the Board of Directors on 26 September 2019 and signed on its behalf by:

DocuSigned by:  
  
 93B33C67120F48A...  
 T. Summers  
 Director

Shell Global LNG Limited (formerly known as BG Global Energy Limited)

(Registration number: 1287989)

Statement of changes in equity for the year ended 31 December 2018

	Called up share capital £ 000	Share premium £ 000	Profit and loss account £ 000	Currency translation reserve £ 000	Other reserve £ 000	Total £ 000
<b>Balance as at 01 January 2017</b>	<b>69</b>	<b>365,826</b>	<b>740,866</b>	<b>-</b>	<b>(70,435)</b>	<b>1,036,326</b>
Profit for the year	-	-	412,975	-	-	412,975
Other comprehensive income for the year	-	-	-	71,784	-	71,784
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>412,975</b>	<b>71,784</b>	<b>-</b>	<b>484,759</b>
Dividends paid (refer note 20)	-	-	(718,683)	-	-	(718,683)
<b>Balance as at 31 December 2017</b>	<b>69</b>	<b>365,826</b>	<b>435,158</b>	<b>71,784</b>	<b>(70,435)</b>	<b>802,402</b>
<b>Balance as at 01 January 2018</b>	<b>69</b>	<b>365,826</b>	<b>435,158</b>	<b>71,784</b>	<b>(70,435)</b>	<b>802,402</b>
Profit for the year	-	-	1,066,747	-	-	1,066,747
Other comprehensive income for the year	-	-	-	16,966	-	16,966
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>1,066,747</b>	<b>16,966</b>	<b>-</b>	<b>1,083,713</b>
Dividends paid (refer note 20)	-	-	(435,786)	-	-	(435,786)
<b>Balance as at 31 December 2018</b>	<b>69</b>	<b>365,826</b>	<b>1,066,119</b>	<b>88,750</b>	<b>(70,435)</b>	<b>1,450,329</b>

# **Shell Global LNG Limited (formerly known as BG Global Energy Limited)**

## **Notes to the financial statements for the year ended 31 December 2018**

### **General information**

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

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

### **1 Accounting policies**

#### **Basis of preparation**

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

The 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 9 and IFRS 15.

#### **New standards applied**

The adoption of IFRS 9 and IFRS 15 has had no material impact on the Company's retained earnings or balance sheet as at 1 January 2018.

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:

**Shell Global LNG Limited (formerly known as BG Global Energy Limited)**

**Notes to the financial statements for the year ended 31 December 2018 (continued)**

**1 Accounting policies (continued)**

- (i) paragraph 79(a)(iv) of IAS 1 'Presentation of financial statements';
- (ii) paragraph 73(e) of IAS 16 'Property, plant and equipment';
- (iii) paragraph 118(e) of IAS 38 'Intangible assets' (reconciliation between the carrying amount at the beginning and end of the period);
- 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)
- The following paragraphs of IFRS 15, 'Revenue from Contracts with Customers':
  - (i) the requirements of the second sentence of paragraph 110 (qualitative and quantitative information about contracts with customers, significant judgements, changes in judgements in applying this standard to those contracts, and assets recognised from the costs to obtain or fulfil a contract);
  - (ii) paragraph 113(a) (revenue recognised from contracts with customers);
  - (iii) paragraphs 114 and 115 (disaggregation of revenue);
  - (iv) paragraph 118 (changes in contract asset and liability);
  - (v) paragraphs 119(a) to (c) and 120 to 127 (performance obligations); and
  - (vi) paragraph 129 (practical expedients);
- IAS 7, 'Statement of cash flows';
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- Paragraph 17 and 18A of IAS 24, 'Related party disclosures' (key management compensation);
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more wholly owned members of a group.



## **Shell Global LNG Limited (formerly known as BG Global Energy Limited)**

### **Notes to the financial statements for the year ended 31 December 2018 (continued)**

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

##### **Consolidation**

The immediate parent company is BG LNG Trading, LLC.

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](mailto: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 which is also recognised directly in other comprehensive income or directly in equity.

##### ***Current tax***

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date for tax payable to HM Revenue and Customs, or for group relief to surrender to or to be received from other Group undertakings, and for which payment may be requested.

##### ***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.

## **Shell Global LNG Limited (formerly known as BG Global Energy Limited)**

### **Notes to the financial statements for the year ended 31 December 2018 (continued)**

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

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

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

As majority of the Company's operations are from Singapore branch, items included in the financial statements are measured using USD (\$), the currency of the primary economic environment in which the branch operates ('the functional currency'). The financial statements are presented in Pounds Sterling (£).

###### **(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.

Assets and liabilities of the Singapore branch are translated to £ at year end rates of exchange. Income and expenditure accounts are translated at the average rates for the year. Any translation differences are taken in other comprehensive income.

##### **Decommissioning and restoration costs**

The Company follows the requirements of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets". The total estimated cost of decommissioning and restoration, discounted to its net present value, is provided for and also recognised as a cost of each field, onshore terminal or main trunkline and capitalised within tangible fixed assets. The capitalised cost is amortised over the life of the field on a unit-of-production basis for offshore facilities and on a straight-line basis for onshore terminals and main trunklines. The unwinding of the discount in the net present value of the total expected cost is treated as an interest expense. Changes in estimates result in an equal and opposite movement in the provision and the associated asset. If a decrease in the provision exceeds the asset's carrying amount, the excess is recognised in the profit and loss account. Changes in estimates of assets are depreciated prospectively over the remaining reserves of the field or the remaining life of the onshore terminal or pipeline as appropriate.

**Shell Global LNG Limited (formerly known as BG Global Energy Limited)**

**Notes to the financial statements for the year ended 31 December 2018 (continued)**

**1 Accounting policies (continued)**

**Other intangible assets**

The costs of acquiring the contractual rights in respect of the purchase of LNG, regasification services and related gas sales are recognised as intangible assets. A review of each intangible asset is carried out, at least annually, to ascertain whether the carrying value is still appropriate.

**Amortisation**

Intangible assets in respect of contractual rights are amortised over the term of the related contract.

**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.

**Investments in securities**

Investments in securities (also referred to as “securities”) comprise equity and debt securities. Equity securities are recognised at FVOCI (without recycling). On sale, net gains and losses previously accumulated in other comprehensive income are transferred to retained earnings. Debt securities are recognised at fair value with unrealised holding gains and losses recognised in OCI. On sale, net gains and losses previously accumulated in OCI are recognised in income.

## **Shell Global LNG Limited (formerly known as BG Global Energy Limited)**

### **Notes to the financial statements for the year ended 31 December 2018 (continued)**

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

##### **Financial instruments (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 receivables 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.

###### **Derivative contracts**

Derivative contracts are held at fair value. Gains or losses arising from changes in fair value are recognised in the profit and loss account within interest income or expenses in the period in which they arise.

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

These comprise investments in shares and loans that the Company intends to hold on a continuing basis. The investments in subsidiaries and participating undertakings are stated at cost, less provisions for impairment. The Company carries out a review for the potential impairment of an investment if events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. Such impairment reviews are performed in accordance with IAS 36. Any impairments are recorded in the profit and loss account.

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

## **Shell Global LNG Limited (formerly known as BG Global Energy Limited)**

### **Notes to the financial statements for the year ended 31 December 2018 (continued)**

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

##### **Turnover**

Revenue from sales of liquified natural gas (LNG) is recognised at the price which the Branch is expected to be entitled to, after deducting sales taxes, excise duties and similar levies, when the control of the products have been transferred, which is when the customer has the ability to direct the use of the products and obtain substantially all of the remaining benefits from the products. Revenue is recognised for sale of bunker fuel to inter-company at cost of purchase price with no margin.

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

Income from shares in subsidiary and participating undertakings represents dividends relating to the current year and prior periods, provided that the dividends have been approved by the Company.

##### **Stock**

Stocks are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Provision is made for obsolete, slow moving and defective stocks to write stocks now to their net realisable value, wherever necessary.

##### **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.

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

Balances with other companies 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.

**Shell Global LNG Limited (formerly known as BG Global Energy Limited)**

**Notes to the financial statements for the year ended 31 December 2018 (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.

**Impairment of tangible fixed assets and intangible fixed assets**

For the purposes of determining whether impairment of tangible fixed assets and intangible fixed assets has occurred, and the extent of any impairment or its reversal, the key assumptions management uses in estimating risk-adjusted future cash flows for value-in-use measures are future oil and gas prices, expected production volumes appropriate to the local circumstances and environment. These assumptions and the judgements of management that are based on them are subject to change as new information becomes available. Changes in economic conditions can also affect the rate used to discount future cash flow estimates.

Future price assumptions tend to be stable because management does not consider short-term increases or decreases in prices as being indicative of long-term levels, but they are nonetheless subject to change. Expected production volumes, which comprise proved reserves and unproved volumes, are used for impairment testing because management believes this to be the most appropriate indicator of expected future cash flows. The discount rate applied is reviewed annually.

Changes in assumptions could affect the carrying amounts of assets, and impairment charges and reversals will affect income.

**Shell Global LNG Limited (formerly known as BG Global Energy Limited)**

**Notes to the financial statements for the year ended 31 December 2018 (continued)**

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

**Impairment of investments**

For the purposes of determining whether impairment of investments has occurred, and the extent of any impairment or its reversal, management review a range of measures relating to the underlying entity's performance, including the net present value of future cash flows. In assessing these measures, management make a number of assumptions relating (but not restricted) to future oil and gas prices, expected production volumes and refining margins appropriate to the local circumstances and environment. These assumptions and the judgements of management that are based on them are subject to change as new information becomes available. Changes in economic conditions can also affect the rate used to discount future cash flow estimates.

**Stock provision**

In the course of management's assessment of the recoverability of stock balances, assumptions are made over the expected economic benefit to be derived from stock assets. These include, but are not limited to, future oil and gas prices; exchange rates and other economic indices. Provisions are made where management do not believe that the book value of the stock will be recovered through sale or use, the value of which will change in line with the underlying economic indicators that influence the market for such goods.

**Shell Global LNG Limited (formerly known as BG Global Energy Limited)**

**Notes to the financial statements for the year ended 31 December 2018 (continued)**

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

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

The Company computes probability of default rates for third party trade debtors based on historical loss experience adjusted for current and forward looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. For intra-group trade debtors, the Company uses an internal credit rating to determine the probability of default. Internal credit ratings are based on methodologies adopted by independent credit rating agencies.

**Decommissioning and restoration provisions**

Provisions are recognised for the future decommissioning and restoration of hydrocarbon production facilities and pipelines at the end of their economic lives. The estimated cost is recognised in income over the life of the proved developed reserves on a unit-of-production basis or on a straight-line basis, as applicable. Changes in the estimates of costs to be incurred, proved developed reserves, or in the rate of production will therefore impact income, generally over the remaining economic life of the related assets.

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 account of such changes. The discount rate applied is reviewed annually.

**Fair value of financial assets and liabilities**

Where the fair value of financial assets and liabilities cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is derived from observable markets where available, but where this is not feasible, a degree of judgement is required in determining assumptions used in the models. Changes in assumptions used in the models could affect the reported fair value of financial assets and liabilities.



**Shell Global LNG Limited (formerly known as BG Global Energy Limited)**

**Notes to the financial statements for the year ended 31 December 2018 (continued)**

**3 Derivative financial instruments**

The Company has the following financial asset and liabilities measured at fair value through profit or loss:

	<b>2018</b>	<b>2017</b>
	<b>£ 000</b>	<b>£ 000</b>
Derivative financial assets	194,539	-
Derivative financial liabilities	(50,677)	(379,577)

The Company uses various commodity based derivative instruments and interest rate derivatives to manage some of the risks arising from fluctuations in commodity prices and interest rates, including physical and net settled forwards, futures, swaps and options. Commodity instruments are also used to manage certain price exposures in respect of optimising the timing and location of physical LNG commitments.

Derivative fair values are derived directly from observable quoted prices in active markets where possible, or otherwise are based on valuation techniques using relevant market prices and market yield curves at the balance sheet date.

At 31 December 2018, the outstanding contracts all mature within 6 months to 36 months (2017: 6 months to 36 months) of the year end.

**Derivative instruments as at 31 December 2018:**

Derivative financial assets

	<b>Fair value- current assets and liabilities £ 000</b>	<b>Change in value in profit and loss account £ 000</b>
Foreign exchange swaps	188	188
Gas Swaps	182,250	182,250
Commodity derivative	-	-
Others	12,101	12,101
<b>Total</b>	<b>194,539</b>	<b>194,539</b>

Derivative financial liabilities

Foreign exchange swaps	-	-
Gas Swaps	-	273,695
Commodity derivative	(50,677)	55,205
Others	-	-
<b>Total</b>	<b>(50,677)</b>	<b>328,900</b>

**Shell Global LNG Limited (formerly known as BG Global Energy Limited)**  
**Notes to the financial statements for the year ended 31 December 2018 (continued)**

**3 Derivative financial instruments (continued)**

**Derivative instruments as at 31 December 2017:**

Derivative financial assets

	<b>Fair value- current assets and liabilities £ 000</b>	<b>Change in value in profit and loss account £ 000</b>
Foreign exchange swaps	-	(4,624)
Gas Swaps	-	-
Commodity derivative	-	-
Others	-	-
<b>Total</b>	<b>-</b>	<b>(4,624)</b>

Derivative financial liabilities

Foreign exchange swaps	-	-
Gas Swaps	(273,695)	(167,905)
Commodity derivative	(105,882)	(4,166)
Others	-	-
<b>Total</b>	<b>(379,577)</b>	<b>(172,071)</b>

**4 Discontinued operations**

**Disposal of Buzzard**

On 31 October 2017, the Company disposed of Buzzard, which formed part of the Company's production of oil and gas hydrocarbons operations. A gain of £158,881,000 was recognised in the profit and loss account as a gain on disposal of fixed assets in 2017. Additional gain of £6,541,000 on the same sale has been recognised in 2018. This represents discontinued operations.

**5 Turnover**

The analysis of the Company's turnover for the year is as follows:

<b>Class of business</b>	<b>2018 £ 000</b>	<b>2017 £ 000</b>
LNG	10,001,298	7,894,522
Gas, condensate and liquefied petroleum gas	-	3,855
Oil	-	389,952
	<b>10,001,298</b>	<b>8,288,329</b>

**Shell Global LNG Limited (formerly known as BG Global Energy Limited)**  
**Notes to the financial statements for the year ended 31 December 2018 (continued)**

**5 Turnover (continued)**

**Geographical market**

The analysis of the Company's turnover for the year by market is as follows:

	<b>2018</b>	<b>2017</b>
	<b>£ 000</b>	<b>£ 000</b>
Europe	857,389	310,517
Asia	7,232,739	6,328,483
Americas	1,858,958	1,627,922
Oceania	52,212	21,407
	<b>10,001,298</b>	<b>8,288,329</b>

**6 Interest receivable and similar income**

	<b>2018</b>	<b>2017</b>
	<b>£ 000</b>	<b>£ 000</b>
Interest from Group undertakings:		
Fellow subsidiary undertakings	7,188	6,103
Interest received	-	4
Interest on bank overdrafts and borrowings	-	-
Gain on currency translation - financial items	5,351	891
Profit on derivative financial instruments	116,716	-
Other interest income	-	13
	<b>129,255</b>	<b>7,011</b>

**7 Interest payable and similar charges**

	<b>2018</b>	<b>2017</b>
	<b>£ 000</b>	<b>£ 000</b>
Interest on loans from Group undertakings:		
Fellow subsidiary undertakings	-	135
Interest on bank overdrafts and borrowings	-	6
Loss on currency translation - financial items	-	43,552
Unwinding of discount on long term provisions (note 18)	571	4,715
Losses on derivative financial instruments	-	317,482
	<b>571</b>	<b>365,890</b>

**Shell Global LNG Limited (formerly known as BG Global Energy Limited)**

**Notes to the financial statements for the year ended 31 December 2018 (continued)**

**8 Operating profit**

Arrived at after charging

	<b>2018</b>	<b>2017</b>
	<b>£ 000</b>	<b>£ 000</b>
Depreciation:		
On owned assets	-	7,470
Amortisation expense	4,071	3,560

The Company had no employees during 2018 (2017: nil).

None of the Directors received any emoluments (2017: nil) in respect of their services to the Company.

**9 Auditors' remuneration**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Audit of the financial statements	50,257	46,717
	<b>50,257</b>	<b>46,717</b>

The auditor's remuneration of £50,257 (2017: £46,717) in respect of the statutory audit was borne by the immediate parent company for both the current and preceding years.

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

**Shell Global LNG Limited (formerly known as BG Global Energy Limited)**

**Notes to the financial statements for the year ended 31 December 2018 (continued)**

**10 Tax on profit**

**Tax (credit)/charge in the profit and loss account**

The tax credit for the year of £143,274,000 (2017: charge of £112,662,000) is made up as follows:

	<b>2018</b>	<b>2017</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Current taxation</b>		
UK corporation tax	111,414	184,296
UK corporation tax adjustment to prior periods	(3,102)	(35,519)
Foreign tax	31,866	2,159
Foreign tax adjustment to prior periods	722	(4,225)
<b>Total current tax charge</b>	<b>140,900</b>	<b>146,711</b>
<b>Deferred taxation</b>		
Arising from origination and reversal of temporary differences	2,374	(34,049)
<b>Total deferred tax credit</b>	<b>2,374</b>	<b>(34,049)</b>
<b>Tax (credit)/charge in the profit and loss account</b>	<b>143,274</b>	<b>112,662</b>

**Reconciliation of total tax (credit)/charge**

The tax on profits before tax for the year applicable to oil and gas exploration and production companies differs from the standard rates of corporation tax in the UK of 40% (ring fence corporation tax of 30% and supplementary charge of 10%) and 19% (non ring fence) (2017: 40% and 19.25%).

The differences are reconciled below:

	<b>2018</b>	<b>2017</b>
	<b>£ 000</b>	<b>£ 000</b>
Profit before tax	1,208,810	525,637
Tax on profit calculated at standard rate (2018 – 19%, 2017 – 19.25%)	232,020	204,042
<b>Effects of:</b>		
Income exempt from taxation	(121,196)	(50,976)
(Income)/expenses not deductible	619	(3,564)
Adjustments in respect of prior periods	(2,358)	(39,744)
Tax receivable/ imposed outside the UK	33,086	2,332
Tax incentives	-	(55)
Tax on imputed interest	1,103	627
<b>Total tax charge</b>	<b>143,274</b>	<b>112,662</b>

# **Shell Global LNG Limited (formerly known as BG Global Energy Limited)**

## **Notes to the financial statements for the year ended 31 December 2018 (continued)**

### **10 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.

#### **Deferred tax movement during the year:**

	At 1 January 2018 £ 000	Recognised in profit and loss account £ 000	At 31 December 2018 £ 000
Amortisation	-	-	-
Defined benefit obligations	-	-	-
Share-based payments	-	-	-
Tax losses carried forward	-	-	-
Provisions	-	-	-
Provision for decommissioning and restoration not yet allowed for tax	6,392	(2,353)	4,039
Accelerated tax depreciation	15	(15)	-
Net tax assets/(liabilities)	<b>6,406</b>	<b>2,368</b>	<b>4,039</b>

#### **Deferred tax movement during the prior year:**

	At 1 January 2017 £ 000	Recognised in profit and loss account £ 000	At 31 December 2017 £ 000
Amortisation	-	-	-
Defined benefit obligations	-	-	-
Share-based payments	-	-	-
Tax losses carried forward	-	-	-
Provisions	-	-	-
Provision for decommissioning and restoration not yet allowed for tax	41,382	(34,991)	6,392
Accelerated tax depreciation	(69,025)	69,040	15
Net tax assets/(liabilities)	<b>(27,643)</b>	<b>34,049</b>	<b>6,406</b>

The provision for deferred tax consists of the following deferred tax assets/(liabilities):

	2018 £ 000	2017 £ 000
Deferred tax assets/(liabilities) due more than 12 months	4,039	6,406
<b>Total deferred tax</b>	<b>4,039</b>	<b>6,406</b>

**Shell Global LNG Limited (formerly known as BG Global Energy Limited)**

**Notes to the financial statements for the year ended 31 December 2018 (continued)**

**11 Intangible assets**

	<b>Other Intangibles £ 000</b>	<b>Total £ 000</b>
<b>Cost</b>		
Balance at 1 January 2018	10,052	10,052
Additions	<u>3,043</u>	<u>3,043</u>
<b>Balance at 31 December 2018</b>	<u><b>13,095</b></u>	<u><b>13,095</b></u>
<b>Accumulated amortisation and impairment</b>		
Balance at 1 January 2018	(8,006)	(8,006)
Charge for the year	<u>(4,071)</u>	<u>(4,071)</u>
<b>Balance at 31 December 2018</b>	<u><b>(12,077)</b></u>	<u><b>(12,077)</b></u>
<b>Net book amount</b>		
<b>At 31 December 2018</b>	<u><b>1,018</b></u>	<u><b>1,018</b></u>
<b>At 31 December 2017</b>	<u><b>2,046</b></u>	<u><b>2,046</b></u>

Other intangible assets relate to contractual rights in respect of the purchase of LNG regasification services and related gas sales at Elba Island in the USA, which were transferred to the Company in December 2014. The average remaining life of the contractual rights is 3 months.

**Shell Global LNG Limited (formerly known as BG Global Energy Limited)**

**Notes to the financial statements for the year ended 31 December 2018 (continued)**

**13 Investments**

	<b>Subsidiary undertakings Shares £ 000</b>
<b>Cost</b>	
Balance at 31 December 2018	<u>634,848</u>
<b>Balance at 31 December 2018</b>	<u><b>634,848</b></u>
<b>Amounts provided</b>	
Balance at 31 December 2018	<u>(634,848)</u>
<b>Balance at 31 December 2018</b>	<u><b>(634,848)</b></u>
<b>Carrying amount</b>	
<b>At 31 December 2018</b>	<u>-</u>
<b>At 31 December 2017</b>	<u>-</u>

In 2017 Company recognised an impairment of £634,848,000 on its investment in subsidiary undertaking BG North Investment Limited

Details of the Subsidiaries as at 31 December 2018 are as follows:

<b>Name of Subsidiary</b>	<b>Registered office and County of incorporation</b>	<b>Class of shares</b>	<b>% of ownership</b>
BG North Investments Limited	Shell Centre, London, SE1 7 NA, England and Wales	Ordinary	100%

**14 Stocks**

	<b>2018 £ 000</b>	<b>2017 £ 000</b>
Finished goods and goods for resale	<u>250,457</u>	<u>206,628</u>

There is no significant difference between the replacement cost of work in progress and finished goods and goods for resale and their carrying amounts.



**Shell Global LNG Limited (formerly known as BG Global Energy Limited)**

**Notes to the financial statements for the year ended 31 December 2018 (continued)**

**15 Trade and other debtors**

**Debtors: amounts due within one year**

	<b>2018</b>	<b>2017</b>
	<b>£ 000</b>	<b>£ 000</b>
Trade debtors	251,494	192,811
Amounts owed by Group undertakings:		
Parent undertakings	131,780	903,673
Fellow subsidiary undertakings	1,835,520	1,122,440
Prepayments and accrued income	40,845	32,100
Derivatives	180,741	-
Other debtors	7,692	12,590
	<b>2,448,072</b>	<b>2,263,614</b>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. These include amounts owed by Shell Treasury Centre Limited (2018: £885,791,195; 2017: £203,491,611) which bear interest rate ranging from 1.30% to 1.6%.

**Debtors: amounts due after one year**

	<b>2018</b>	<b>2017</b>
	<b>£ 000</b>	<b>£ 000</b>
Other receivables more than 1 year	125,288	146,649
Derivatives	13,798	-
	<b>139,086</b>	<b>146,649</b>

**Shell Global LNG Limited (formerly known as BG Global Energy Limited)**

**Notes to the financial statements for the year ended 31 December 2018 (continued)**

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

	<b>2018</b>	<b>2017</b>
	<b>£ 000</b>	<b>£ 000</b>
Trade creditors	168,554	95,182
Amounts owed to Group undertakings		
Parent undertakings	409,330	92,177
Fellow subsidiary undertakings	561,364	1,016,756
Derivative liabilities	19,221	292,197
Tax liability	180,102	210,576
Accrued expenses	8,443	9,883
Other creditors	722	2,824
	<u><b>1,347,736</b></u>	<u><b>1,719,595</b></u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. Interest at the rate of LIBOR is payable for amounts owed to Shell Treasury Centre Limited.

**17 Creditors: amounts falling due after more than one year**

	<b>2018</b>	<b>2017</b>
	<b>£ 000</b>	<b>£ 000</b>
Derivative liabilities	31,456	87,380
Deferred income	3,054	-
	<u><b>34,510</b></u>	<u><b>87,380</b></u>

**Shell Global LNG Limited (formerly known as BG Global Energy Limited)**

**Notes to the financial statements for the year ended 31 December 2018 (continued)**

**18 Provisions**

	<b>Decommissioning and restoration £ 000</b>
Balance as at 1 January 2018	15,978
Reversal of provision	(5,823)
Unwinding of discount	571
Other movements	(629)
<b>Balance as at 31 December 2018</b>	<b>10,097</b>

The estimated cost of decommissioning at the end of the producing lives of fields is reviewed at least annually and engineering estimates and reports are updated periodically. Provision is made for the estimated cost of decommissioning at the balance sheet date, to the extent that current circumstances indicate that the Company will ultimately bear this cost. The payment dates of expected future decommissioning costs are uncertain and are based on economic assumptions surrounding the useful economic lives of the fields concerned. Useful economic lives are affected by the estimation of hydrocarbon reserves and resources, which is in turn impacted by available reservoir data, commodity prices and future costs. Payments (on a discounted basis) of £9,711,000 are currently anticipated within one to five years, of £369,000 from six to ten years and £17,000 over 10 years.

The amount of decommissioning provision is discounted at a rate intended to reflect the time value of money. Reviews of estimated decommissioning and restoration costs and the discount rate applied are carried out annually. The discount rate applied in 2018 was 4% (2017: 4%).

**19 Called up share capital**

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

	<b>No.</b>	<b>2018 £ 000</b>	<b>No.</b>	<b>2017 £ 000</b>
Ordinary shares of £1 each	69,000	69	69,000	69

As detailed in the Strategic report on page 1, in 2014, the Singapore branch was formed by acquisition of existing liquefied natural gas (LNG) assets and business from affiliated companies. The said acquisition from affiliated companies was done in exchange for the issuance of ordinary shares, resulting in the recognition of a share premium reserve of £365,826,000 and a merger reserve of £70,435,000, in lieu of liabilities associated with the assets acquired from the affiliated companies.

**Shell Global LNG Limited (formerly known as BG Global Energy Limited)**

**Notes to the financial statements for the year ended 31 December 2018 (continued)**

**20 Dividends**

Interim dividends of £435,786,000 were paid in the year (2017: £719,000,000). The Directors recommend no further dividend be paid for the year ended 31 December 2018 (2017: nil).

**21 Events occurring after the reporting period**

The Government of Trinidad and Tobago ('GoRTT') has been in discussions with the management of one of the group upstream entity including on a package deal which includes supplemental payments to GoRTT to rebalance the government's take from the group upstream entity's integrated value chain with retrospective effect from 2018. A Heads of Agreement was signed in May 2019 and subsequently, a Definitive Agreement was signed in August 2019. The group upstream entity is expected to recover a part of the cost from Shell Global LNG Limited, Singapore Branch ("SGLLS") and one other group entity but this is still being agreed. The expected recovery from SGLLS by the group upstream entity for the period 1 January 2018 to 30 June 2019 amount to \$24.37 million and will be accounted for in the 2019 financial statements.