

Registration number: 1287989

Shell Global LNG Limited

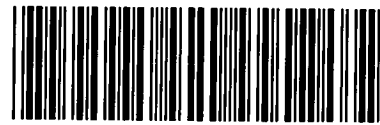
Annual Report

and

Financial Statements

For the year ended 31 December 2019

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## Shell Global LNG Limited

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## Shell Global LNG Limited

### Strategic report for the year ended 31 December 2019

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

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

#### Business review

Shell Global LNG 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 divested in 2017.

The Company has a branch in Singapore. The branch is responsible for purchase and sale of liquefied natural gas ("LNG") under existing long term LNG supply and sales contracts. Primary sales were in Asian markets although there were sales on a global basis. Currently, the Company's activities mainly comprises of the branch operations.

The Company's profit for the financial year decreased from \$1,423,725,000 in 2018 to a loss of \$4,874,000 in 2019. This is principally due to decrease in sale of LNG and loss on derivative financial instruments in the branch.

The presentation currency of the Company was changed from Pounds Sterling (£) to US Dollars (\$) in 2019 to align with presentation in US Dollars (\$), the functional currency of the Company.

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

#### Principal risks and uncertainties

The Shell Group has a single risk based control framework - The Shell Control Framework - to identify and manage risks. The Shell Control Framework applies to all wholly owned Shell companies and to those ventures and other companies in which Royal Dutch Shell has directly or indirectly a controlling interest. From the perspective of the Company, the principal risks and uncertainties affecting the Company are considered to be those that affect the Shell Group. Accordingly, the principal risks and uncertainties of the Shell Group, which are discussed on pages 27 to 36 of Royal Dutch Shell's Annual Report for the year ended 31 December 2019 (the "Group Report"), include those of the Company. The Group Report does not form part of this report.

## Shell Global LNG Limited

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

#### Key Performance Indicators

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

#### Section 172(1) statement

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

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

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

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

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

The strategic aims of the Company are considered to be derived from those of the Shell Group, which are discussed on pages 20 - 21 of the Royal Dutch Shell plc 2019 Annual Report. The Shell Group internally organises its activities principally along business and function lines but transacts its business through legal entities. This organisation structure is designed to achieve Shell's overall business objectives, whilst respecting the separate legal identity of the individual Shell companies through which it is implemented and the independence of each Board of Directors.

## Shell Global LNG Limited

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

#### Principal Decisions

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

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

#### Key stakeholder groups

- a. Shareholders
- b. Employees/Workforce/Pensioners
- c. Regulators/Governments/NGOs
- d. Communities
- e. Customers
- f. Suppliers /Strategic Partners

#### Principal Decisions in 2019

In the table below we outline some of the principal decisions made by the Board over the year, explain how the Directors have engaged with, or in relation to, the different key stakeholder groups and how stakeholder interests were considered over the course of decision-making.

The level of information disclosed on principal decisions in the table below is consistent with the size and the complexity of the business.

#### How were stakeholders considered

We describe how stakeholders were considered during the decision-making process by summarising the relevant discussions. The relevance of each stakeholder group's interests may differ depending on the nature of decisions being considered. Board decisions will not necessarily result in a positive outcome for all of our stakeholders, but by considering our purpose, values and business objectives, and having due regard for stakeholder relationships, the Board aims to ensure that its decisions promote the long-term success of the Company.

#### What was the outcome

<b>1. Financial Crime</b>	<b>Outcome</b>
The Board considered putting in place a policy to formalise, update and consolidate existing policies and controls related to the prevention of financial crime.	The Board adopted an updated and consolidated Financial Crime Policy in 2019 which covered offences related to money laundering, terrorist financing, sanctions, bribery and corruption, tax evasion, modern slavery, fraud and market abuse.

**Shell Global LNG Limited**

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


<b>How were stakeholders considered</b>	
The implementation of revised financial crime prevention controls is a demonstration of the interest of the Directors in upholding high operational standards in the Company's business activities in preventing financial crime, and thereby maintaining a strong reputation with all of its stakeholder groups, thus benefiting the Company and those stakeholders.	The decision to adopt this financial crime policy demonstrated the Directors commitment to implementing operational standards to prevent the use of the organisation by criminals to perpetrate or facilitate financial crime.
<b>2. UK Trading Hub</b>	<b>Outcome</b>
The Board considered the plan to adopt an integrated three trading hub business operation model.	The Board approved a three hub business model to operate trade in conventional LNG in Dubai, Singapore and United Kingdom.
<b>How were stakeholders considered</b>	
The project matured consistent with Group business standards. Trading and regulatory requirements for the UK hub have been developed with support from compliance, finance and legal and benefits the company and stakeholders.	The decision to adopt an integrated three hub trading business model optimised the LNG trading position in the UK; and re-established the Company as a market facing trading entity.

**Human Rights**

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

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

Approved by the Board on 23 September 2020 and signed on its behalf by:

DocuSigned by:  
  
 7D7CDD6326B34A6...  
 Claire Bushay  
 Company secretary

## Shell Global LNG Limited

### Directors' report for the year ended 31 December 2019

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

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

#### Dividends

Interim dividends of \$900,000,000 were paid in the year (2018: \$555,000,000). The Directors recommend that no further dividend be paid for the year ended 31 December 2019 (2018: \$nil).

#### Future Outlook

No significant change in the business of the Company has taken place during the year. From 2020, as a part of trading hub entities operating as a 'One Global Portfolio', the head office of the Company in United Kingdom would act as the LNG hub for operations in the Europe region.

#### 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 (resigned 22 June 2020)  
S J Hill (resigned 31 October 2019)  
M W Eide  
H E L Jones  
T. Summers  
Saheera Ahmad  
R T Duijm (appointed 10 October 2019)  
G H G Yeo (appointed 10 October 2019)  
S Strausfeld-Perry (appointed 10 October 2019)  
S J Chaplin (appointed 1 January 2020)  
S Kotecha (appointed 1 January 2020)

#### Financial risk management

The Company's Directors are required to follow the requirements of Shell Group risk management policies, which include specific guidelines on the management of market, credit and liquidity risk, and advice on the use of financial instruments to manage them. Shell Group risk management policies can be found in the Group Report (see pages 168 to 170 and note 19).

## Shell Global LNG Limited

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

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

After the balance sheet date, we have seen macro-economic uncertainty with regards to prices and demand for oil, gas and products as a result of the COVID-19 (coronavirus) outbreak. Furthermore, recent global developments and uncertainty in oil supply in 2020 have caused further abnormally large volatility in commodity and financial markets. The scale and duration of these developments remain uncertain but could impact our earnings, cash flow and financial condition.

#### 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 Strategic report, Directors' report and the Company's financial statements in accordance with applicable laws and regulations.

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

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

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




**Shell Global LNG Limited**

**Directors' report for the year ended 31 December 2019 (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 23 September 2020 and signed on its behalf by:

DocuSigned by:  
  
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S Strausfeld-Perry  
Director

## Shell Global LNG Limited

### Independent Auditor's report to the Member of Shell Global LNG Limited

#### Opinion

We have audited the financial statements of Shell Global LNG Limited (the "Company") for the year ended 31 December 2019, which comprise the Profit and loss account, Statement of comprehensive income, Balance sheet, Statement of changes in equity, and the related notes 1 to 19, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

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

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

#### Emphasis of matter

We draw attention to Note 1 and Note 19 of the financial statements, which describes the economic and social disruption the company is facing as a result of COVID-19 which is impacting supply chains, consumer demand, financial markets and commodity prices. Our opinion is not modified in respect of this matter.

#### Conclusions relating to going concern

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

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

## Shell Global LNG Limited

### Independent Auditor's report to the Member of Shell Global LNG Limited (continued)

#### Other information

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

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

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

We have nothing to report in this regard.

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

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

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

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

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

## Shell Global LNG Limited

### Independent Auditor's report to the Member of Shell Global LNG (continued)

#### Responsibilities of Directors

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

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

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

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

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

*Ernst & Young LLP*

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

Date:.. 24/09/2020

**Shell Global LNG Limited**

**Profit and loss account for the year ended 31 December 2019**

	Note	2019 \$ 000	2018 \$ 000
<b>Turnover</b>	4	11,487,332	13,340,401
Cost of sales		<u>(11,439,774)</u>	<u>(11,849,570)</u>
<b>GROSS PROFIT</b>		<b>47,558</b>	<b>1,490,831</b>
Administrative expenses		(81,260)	(64,121)
Other income/(expense)		<u>(15,727)</u>	<u>7,922</u>
<b>OPERATING (LOSS)/PROFIT</b>		<b>(49,429)</b>	<b>1,434,632</b>
Profit on disposal of tangible fixed assets		<u>-</u>	<u>8,736</u>
<b>(LOSS)/PROFIT BEFORE INTEREST AND TAXATION</b>		<b>(49,429)</b>	<b>1,443,368</b>
Interest receivable and similar income	5	52,206	172,419
Interest payable and similar charges	6	<u>(471)</u>	<u>(763)</u>
<b>PROFIT BEFORE TAXATION</b>		<b>2,306</b>	<b>1,615,024</b>
Tax on profit	9	<u>(7,180)</u>	<u>(191,299)</u>
<b>(LOSS)/PROFIT FOR THE YEAR</b>		<b><u>(4,874)</u></b>	<b><u>1,423,725</u></b>

Shell Global LNG Limited

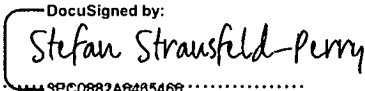
Statement of Comprehensive Income for the year ended 31 December 2019

	2019	2018
	\$ 000	\$ 000
<b>(Loss)/Profit for the year</b>	<b>(4,874)</b>	<b>1,423,725</b>
<b>Other comprehensive income: Items that may be reclassified subsequently to profit or loss</b>		
Cumulative currency translation difference	-	(57,099)
<b>Other comprehensive income for the year, net of tax</b>	<b>-</b>	<b>(57,099)</b>
<b>Total comprehensive income for the year</b>	<b>(4,874)</b>	<b>1,366,626</b>

**Shell Global LNG Limited**  
**(Registration number: 1287989)**  
**Balance sheet as at 31 December 2019**

	Note	2019 \$ 000	2018 \$ 000
<b>Fixed assets</b>			
Intangible assets	10	-	1,296
Trade and other receivables	13	157,752	185,671
Deferred tax	9	5,098	5,144
		<u>162,850</u>	<u>192,111</u>
<b>Current assets</b>			
Stock	12	190,626	318,972
Debtors	13	2,303,535	3,118,194
		2,494,161	3,437,166
<b>Creditors: Amounts falling due within one year</b>	14	<u>(1,522,388)</u>	<u>(1,716,407)</u>
<b>Net current assets</b>		<u>971,773</u>	<u>1,720,759</u>
<b>Total assets less current liabilities</b>		<b>1,134,623</b>	<b>1,912,870</b>
<b>Creditors: Amounts falling due after more than one year</b>	15	(170,693)	(43,951)
<b>Provisions</b>	16	<u>(12,745)</u>	<u>(12,860)</u>
<b>Net assets</b>		<u>951,185</u>	<u>1,856,059</u>
<b>Equity</b>			
Called up share capital	17	88	88
Share premium reserve	17	465,916	465,916
Other reserves	17	(89,706)	(89,706)
Profit and loss account		574,887	1,479,761
<b>Total equity</b>		<u>951,185</u>	<u>1,856,059</u>

The financial statements on pages 11 to 33 were authorised for issue by the Board of Directors on 23 September 2020 and signed on its behalf by:

DocuSigned by:  
  
 SEC0882A8485468.....  
 S Strausfeld-Perry  
 Director

Shell Global LNG Limited

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

	Called up share capital \$ 000	Share premium \$ 000	Profit and loss account \$ 000	Other reserve \$ 000	Total \$ 000
<b>Balance as at 01 January 2018</b>	93	494,194	645,297	(95,151)	1,044,433
Profit for the year	-	-	1,423,725	-	1,423,725
Other comprehensive income for the year	(5)	(28,278)	(34,261)	5,445	(57,099)
<b>Total comprehensive income for the year</b>	<b>(5)</b>	<b>(28,278)</b>	<b>1,389,464</b>	<b>5,445</b>	<b>1,366,626</b>
Dividends paid (refer note 18)	-	-	(555,000)	-	(555,000)
<b>Balance as at 31 December 2018</b>	<b>88</b>	<b>465,916</b>	<b>1,479,761</b>	<b>(89,706)</b>	<b>1,856,059</b>
<b>Balance as at 01 January 2019</b>	88	465,916	1,479,761	(89,706)	1,856,059
Loss for the year	-	-	(4,874)	-	(4,874)
Other comprehensive income for the year	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(4,874)</b>	<b>-</b>	<b>(4,874)</b>
Dividends paid (refer note 18)	-	-	(900,000)	-	(900,000)
<b>Balance as at 31 December 2019</b>	<b>88</b>	<b>465,916</b>	<b>574,887</b>	<b>(89,706)</b>	<b>951,185</b>



## Shell Global LNG Limited

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

#### General information

The Company is a private company limited by share capital incorporated in England and Wales. The address of its registered office is: 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 presentation currency of the Company was changed from Pounds Sterling (£) to US Dollars (\$) in 2019 to align with presentation in US Dollars (\$), the functional currency of the Company.

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

##### Going concern

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

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

##### New standards applied

The adoption of IFRS 16 has had no material impact on the Company’s retained earnings or balance sheet as at 1 January 2019.

##### *IFRIC Interpretation 23 Uncertainty over Income Tax Treatment*

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

## Shell Global LNG Limited

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

#### 1 Accounting policies (continued)

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

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

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

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

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

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined);
- IFRS 7, 'Financial Instruments: Disclosures';
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
  - i) paragraph 79(a)(iv) of IAS 1 'Presentation of financial statements';
  - (ii) paragraph 73(e) of IAS 16 'Property, plant and equipment';
  - (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);

## Shell Global LNG Limited

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

#### 1 Accounting policies (continued)

- (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.
- The following paragraphs of IFRS 16, 'Leases':
  - (i) paragraph 58 (separate maturity analysis for lease liabilities)
  - (ii) paragraphs 90 and 91 (table of lease income from operating leases, including separate disclosure of income from variable lease payments not dependant on an index or a rate)
  - (iii) paragraph 93 (qualitative and quantitative explanation of the significant changes in the carrying amount of the net investment in finance leases)

#### Consolidation

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

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 financial statements.

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

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

## Shell Global LNG Limited

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

#### 1 Accounting policies (continued)

##### **Taxation**

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

##### *Current tax*

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

##### *Deferred tax*

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

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

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

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

Amounts relating to deferred tax are undiscounted.

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

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

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

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

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

## Shell Global LNG Limited

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

#### 1 Accounting policies (continued)

##### Foreign currency translation (continued)

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.

The presentation currency for the period ended 31 December 2018 was Pounds Sterling (£) and has been translated to US Dollars (\$) for presentation purposes in this set of financial statements. For this purpose, the assets and liabilities of the Company are expressed in US Dollars (\$) using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and allocated across various equity categories (Refer statement of changes in equity).

##### 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.

##### 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.

## Shell Global LNG Limited

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

#### 1 Accounting policies (continued)

##### Financial instruments (continued)

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.

##### Impairment of financial assets

The impairment requirements for expected credit losses are applied to financial assets measured at amortised cost, financial assets measured at FVOCI and financial guarantees contracts to which IFRS 9 is applied and that are not accounted for at FVTPL and lease debtors under IFRS 15 that give rise to a conditional right to consideration. If the credit risk on the financial asset has increased significantly since initial recognition, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses. In other instances, the loss allowance for the financial asset is measured at an amount equal to the twelve month expected credit losses (ECLs). Changes in loss allowances are recognised in profit and loss. For trade debtors that do not contain a significant financing component, the simplified approach is applied recognising expected lifetime credit losses from initial recognition.

##### Financial liabilities

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL, such as instruments held for trading, or the Company has opted to measure them at FVTPL. Debt and trade creditors are recognised initially at fair value based on amounts exchanged, net of transaction costs, and subsequently at amortised cost. Interest expense on debt is accounted for using the effective interest method and is recognised in income.

##### 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 turnover in the period in which they arise.

## Shell Global LNG Limited

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

#### 1 Accounting policies (continued)

##### 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.

##### 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.

##### Turnover

Revenue from sales of liquified natural gas 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.

##### 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 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 of the Shell Group are stated gross, unless both of the following conditions are met:

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

## Shell Global LNG Limited

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

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

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

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

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

Investments are tested for impairment whenever events or changes in circumstances indicate that the carrying amounts for those assets may not be recoverable. For the purposes of determining whether impairment of investments has occurred, and the extent of any impairment or its reversal, management review a range of measures relating to the underlying entity's performance, 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

##### **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.



## Shell Global LNG Limited

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

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

##### Decommissioning and restoration provisions (continued)

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.

#### 3 Derivative financial instruments

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

	<b>2019</b>	<b>2018</b>
	<b>\$ 000</b>	<b>\$ 000</b>
Derivative financial assets	7,536	247,759
Derivative financial liabilities	(83,928)	(64,540)

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 2019, the outstanding contracts all mature within 1 month to 96 months (2018: 1 month to 108 months) of the year end.

**Shell Global LNG Limited**

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

**3 Derivative financial instruments (continued)**

**Derivative instruments as at 31 December 2019:**

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	-	(240)
Gas Swaps	-	(232,107)
Commodity derivative	4,967	4,967
Others	2,569	(12,843)
<b>Total</b>	<b>7,536</b>	<b>(240,223)</b>

Derivative financial liabilities

Foreign exchange swaps	(1,523)	(1,523)
Gas Swaps	(49,908)	(49,908)
Commodity derivative	(32,497)	32,043
Others	-	-
<b>Total</b>	<b>(83,928)</b>	<b>(19,388)</b>

**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	240	240
Gas Swaps	232,107	232,107
Commodity derivative	-	-
Others	15,412	15,412
<b>Total</b>	<b>247,759</b>	<b>247,759</b>

## Shell Global LNG Limited

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

#### 3 Derivative financial instruments (continued)

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

##### Derivative financial liabilities

	Fair value- current assets and liabilities \$ 000	Change in value in profit and loss account \$ 000
Foreign exchange swaps	-	-
Gas Swaps	-	369,708
Commodity derivative	(64,540)	78,486
Others	-	-
<b>Total</b>	<b>(64,450)</b>	<b>448,194</b>

#### 4 Turnover

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

Class of business	2019 \$ 000	2018 \$ 000
LNG	11,737,918	13,340,401
Losses on derivative financial instruments	(250,586)	-
	<b>11,487,332</b>	<b>13,340,401</b>

#### Geographical market

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

	2019 \$ 000	2018 \$ 000
Europe	728,672	1,143,643
Asia	9,418,869	9,647,511
Americas	1,263,843	2,479,603
Oceania	75,641	69,644
Africa	307	-
	<b>11,487,332</b>	<b>13,340,401</b>

## Shell Global LNG Limited

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

#### 5 Interest receivable and similar income

	<b>2019</b>	<b>2018</b>
	<b>\$ 000</b>	<b>\$ 000</b>
Interest from Group undertakings:		
Fellow subsidiary undertakings	26,008	9,592
Profit on currency translation	26,198	7,143
Gain on derivative financial instruments	-	155,684
	<b>52,206</b>	<b>172,419</b>

#### 6 Interest payable and similar charges

	<b>2019</b>	<b>2018</b>
	<b>\$ 000</b>	<b>\$ 000</b>
Unwinding of discount on long term provisions (note 16)	471	763
	<b>471</b>	<b>763</b>

#### 7 Operating profit

Arrived at after charging/(crediting)

	<b>2019</b>	<b>2018</b>
	<b>\$ 000</b>	<b>\$ 000</b>
Amortisation expense	1,296	5,186
Write-off of receivables	16,843	-

The Company had no employees during 2019 (2018: nil).

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

#### 8 Auditors' remuneration

The auditor's remuneration of \$15,864 (2018: \$67,123) 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**

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

**9 Tax on profit**

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

The tax charge for the year of \$ 7,180,000 (2018: charge of \$191,299,000) is made up as follows:

	<b>2019</b>	<b>2018</b>
	<b>\$ 000</b>	<b>\$ 000</b>
<b>Current taxation</b>		
UK corporation tax	3,359	148,748
UK corporation tax adjustment to prior periods	2,037	(4,143)
Foreign tax	1,738	42,560
Foreign tax adjustment to prior periods	-	964
<b>Total current tax charge</b>	<b>7,134</b>	<b>188,129</b>
<b>Deferred taxation</b>		
Arising from origination and reversal of temporary differences	(128)	3,170
Arising from changes in tax rates and laws	174	-
<b>Total deferred tax charge</b>	<b>46</b>	<b>3,170</b>
<b>Tax (credit)/charge in the profit and loss account</b>	<b>7,180</b>	<b>191,299</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) (2018: 40% and 19%).

**Shell Global LNG Limited**

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

**9 Tax on profit (continued)**

The differences are reconciled below:

	<b>2019</b>	<b>2018</b>
	<b>\$ 000</b>	<b>\$ 000</b>
Profit before tax	2,306	1,615,024
Tax on profit calculated at standard rate (2019 – 19%, 2018 – 19%)	196	309,886
<b>Effects of:</b>		
Income exempt from taxation	(9,882)	(161,869)
Expenses not deductible	12,917	769
Adjustments in respect of prior periods	2,037	(3,149)
Tax imposed outside the UK	1,738	44,189
Deferred tax expense relating to changes in tax rates or laws	174	-
Tax on imputed interest	-	1,473
<b>Total tax charge</b>	<b>7,180</b>	<b>191,299</b>

**Deferred tax movement during the year:**

	<b>At 1 January 2019 \$ 000</b>	<b>Recognised in profit and loss account \$ 000</b>	<b>At 31 December 2019 \$ 000</b>
Provision for decommissioning and restoration not yet allowed for tax	5,144	(46)	5,098
Net tax assets	5,144	(46)	5,098

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

	<b>At 1 January 2018 \$ 000</b>	<b>Recognised in profit and loss account \$ 000</b>	<b>At 31 December 2018 \$ 000</b>
Provision for decommissioning and restoration not yet allowed for tax	8,294	(3,150)	5,144
Accelerated tax depreciation	20	(20)	-
Net tax assets	8,314	(3,170)	5,144

## Shell Global LNG Limited

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

#### 9 Tax on profit (continued)

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

	<b>2019</b>	<b>2018</b>
	<b>\$ 000</b>	<b>\$ 000</b>
Deferred tax assets/(liabilities) due more than 12 months	5,098	5,144
<b>Total deferred tax</b>	<b>5,098</b>	<b>5,144</b>

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

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

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

#### 10 Intangible assets

	<b>Other Intangibles</b>	<b>Total</b>
	<b>\$ 000</b>	<b>\$ 000</b>
<b>Cost</b>		
Balance at 1 January 2019	73,339	73,339
Additions during the year	-	-
<b>Balance at 31 December 2019</b>	<b>73,339</b>	<b>73,339</b>
<b>Accumulated amortisation and impairment</b>		
Balance at 1 January 2019	(72,043)	(72,043)
Charge for the year	(1,296)	(1,296)
<b>Balance at 31 December 2019</b>	<b>(73,339)</b>	<b>(73,339)</b>
<b>Net book amount</b>		
<b>At 31 December 2019</b>	<b>-</b>	<b>-</b>
<b>At 31 December 2018</b>	<b>1,296</b>	<b>1,296</b>

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 was transferred to the Company in December 2014. The contractual rights expired in March 2019.

## Shell Global LNG Limited

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

#### 11 Investments

	<b>Subsidiary undertakings Shares \$ 000</b>
<b>Cost</b>	
Balance at 1 January 2019	808,542
<b>Balance at 31 December 2019</b>	<b>808,542</b>
<b>Amounts provided</b>	
Balance at 1 January 2019	(808,542)
<b>Balance at 31 December 2019</b>	<b>(808,542)</b>
<b>Carrying amount</b>	
<b>At 31 December 2019</b>	-
<b>At 31 December 2018</b>	-

In 2017 Company recognised an impairment of \$833,809,000 on its investment in subsidiary undertaking BG North Investment Limited. Subsequent to the year end, BG North Investment Limited was liquidated on 12 May, 2020.

Details of the Subsidiaries as at 31 December 2019 are as follows:

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

#### 12 Stock

	<b>2019 \$ 000</b>	<b>2018 \$ 000</b>
Finished goods and goods for resale	190,626	318,972

The cost of stocks recognised as an expense in the year amounted to \$ 9,727,986,000 (2018 - \$10,196,028,000).



**Shell Global LNG Limited**

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

**13 Debtors**

**Debtors: amounts due within one year**

	<b>2019</b>	<b>2018</b>
	<b>\$ 000</b>	<b>\$ 000</b>
Trade debtors	352,325	320,761
Amounts owed by Group undertakings:		
Parent undertakings	371,972	167,827
Fellow subsidiary undertakings	1,509,635	2,337,605
Prepayments and accrued income	60,619	52,018
Derivatives	7,536	230,185
Other debtors	1,448	9,798
	<u><b>2,303,535</b></u>	<u><b>3,118,194</b></u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand except for the balance owed by Shell Treasury Centre Limited amounting to \$ 499,650,000 (2018 : \$ 1,128,144,000) bearing interest rates ranging from 0.47% to 2.53% and balance owed by Shell Treasury Centre East (Pte) Ltd amounting to \$ 741,755,000 (2018 : nil) bearing interest rates ranging from 0.09% to 2.30%.

**Debtors: amounts due after one year**

	<b>2019</b>	<b>2018</b>
	<b>\$ 000</b>	<b>\$ 000</b>
Other receivables more than 1 year	157,752	168,097
Derivatives	-	17,574
	<u><b>157,752</b></u>	<u><b>185,671</b></u>

The Company has recorded all financials assets at amortised cost.

## Shell Global LNG Limited

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

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

	<b>2019</b>	<b>2018</b>
	<b>\$ 000</b>	<b>\$ 000</b>
Trade creditors	128,246	214,664
Amounts owed to Group undertakings		
Parent undertakings	112,753	521,297
Fellow subsidiary undertakings	1,070,026	714,918
Derivative liabilities	51,431	24,479
Tax liability	148,014	229,376
Accrued expenses	11,185	10,753
Other creditors	733	920
	<b>1,522,388</b>	<b>1,716,407</b>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand except for the balance owed to Shell Treasury Centre Limited amounting to \$ 151,658,000 (2018 : nil) bearing interest rates ranging from 0.47% to 2.53% and balance owed to Shell Treasury Centre East (Pte) Ltd amounting to \$ 41,369,000 (2018 : nil) bearing interest rates ranging from 0.09% to 2.30%.

The Company has recorded all financial liabilities at amortised cost.

#### 15 Creditors: amounts falling due after more than one year

	<b>2019</b>	<b>2018</b>
	<b>\$ 000</b>	<b>\$ 000</b>
Derivative liabilities	32,497	40,061
Deferred income	138,196	3,890
	<b>170,693</b>	<b>43,951</b>

The Company has recorded all financial liabilities at amortised cost.

#### 16 Provisions

	<b>Decommissioning and restoration \$ 000</b>
Balance as at 1 January 2019	12,860
Unwinding of discount	471
Other movements	(586)
<b>Balance as at 31 December 2019</b>	<b>12,745</b>

## Shell Global LNG Limited

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

#### 16 Provisions (continued)

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 \$11,607,000 are currently anticipated within one to five years, of \$785,000 from six to ten years and \$352,000 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 2019 was 3% (2018: 4%).

#### 17 Called up share capital

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

	No.	2019 \$ 000	No.	2018 \$ 000
Issued share capital of £1 each	69,000	88	69,000	88

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 \$465,916,000 and a merger reserve of \$89,706,000, in lieu of liabilities associated with the assets acquired from the affiliated companies.

#### 18 Dividends

Interim dividends of \$900,000,000 were paid in the year (2018: \$555,000,000). The Directors recommend no further dividend be paid for the year ended 31 December 2019 (2018: nil).

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

After the balance sheet date, we have seen macro-economic uncertainty with regards to prices and demand for oil, gas and products as a result of the COVID-19 (coronavirus) outbreak. Furthermore, recent global developments and uncertainty in oil supply in 2020 have caused further abnormally large volatility in commodity and financial markets. The scale and duration of these developments remain uncertain but could impact our earnings, cash flow and financial condition.