

THE SHELL COMPANY OF NIGERIA LIMITED

**DIRECTORS' REPORT
AND ACCOUNTS
2003**

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Registered in England & Wales: 340744



THE SHELL COMPANY OF NIGERIA LIMITED
DIRECTORS' REPORT

The Directors submit their annual report and audited accounts for the year ended 31 December 2003.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the Company is to hold shares in Shell Nigeria Oil Products Limited (SNOP), a company engaged in buying, selling and otherwise dealing in petroleum products. No significant change in the business of the Company or of its subsidiary undertakings took place during the year or is expected in the immediately foreseeable future.

The Company made a loss for the financial year of £85,329 (2002: £20,305 loss). This was principally due to a decrease in interest earned during the year.

The Directors recommend that no dividend be paid for the year ended 31 December 2003 (2002: £nil).

DIRECTORS

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

R.B. Blakely	Appointed 16 December 2003
L. Davis	Appointed 16 December 2003, resigned 1 November 2004
A. Detheridge	Resigned 13 December 2004
X. B. M. Le Mintier	Resigned 3 December 2003
J. Lobb	Appointed 14 December 2004
G. Stewart	Appointed 1 November 2004

DIRECTORS' INTERESTS

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

Royal Dutch ordinary shares

	€0.56 each Shares Outstanding 1 January 2003	€0.56 each Shares Outstanding 31 December 2003
R. B. Blakely	300*	400

* Shares held at date of appointment

In addition, R.B. Blakely held 8,000 shares in Shell Canada Limited as at 16 December 2003 and 31 December 2003. No shares were sold or purchased during the year.

THE SHELL COMPANY OF NIGERIA LIMITED

DIRECTORS' REPORT

DIRECTORS' INTERESTS (Continued)

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

Royal Dutch ordinary shares

	€0.56 each Options Outstanding 1 January 2003	€0.56 each Options Outstanding 31 December 2003
R. B. Blakely	52,334*	52,334

*Options held at date of appointment

In addition, R. B. Blakely held options over 106,600 shares of Shell Canada Limited as at 16 December 2003. During 2003, he exercised 68,350 options and had 6,650 cancelled, leaving 31,600 share options in Shell Canada Limited outstanding as at 31 December 2003.

According to the Register of Directors' interests, no other Directors had any such interests in the above-named undertaking nor in any other undertaking requiring disclosure under the Companies Act 1985.

POST BALANCE SHEET EVENTS

Refer to Note 11 "Post balance sheet events".

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

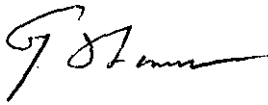
THE SHELL COMPANY OF NIGERIA LIMITED

DIRECTORS' REPORT (Continued)

AUDITORS

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

By order of the Board



G. Stewart
Director
31 January 2005

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE SHELL COMPANY OF NIGERIA LIMITED

We have audited the accounts which comprise the profit and loss account, the balance sheet, and the related notes.

Respective responsibilities of Directors and Auditors

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

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

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

Basis of audit opinion

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

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

Opinion

In our opinion the accounts give a true and fair view of the state of the Company's affairs as at 31 December 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and
Registered Auditors

1 Embankment Place,
LONDON, WC2N 6RH.

31 January 2005

THE SHELL COMPANY OF NIGERIA LIMITED**PROFIT AND LOSS ACCOUNT****For the year ended 31 December 2003**

		2003	2002
		£	£
Continuing operations	Note		
Administrative expenses		(3,822)	(2,100)
LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST			
		(3,822)	(2,100)
Other interest receivable and similar income	2	131,504	263,221
Interest payable and similar charges	3	(249,581)	(247,050)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION			
	4	(121,899)	14,071
Tax on profit/(loss) on ordinary activities	5	36,570	(34,376)
RETAINED LOSS FOR THE FINANCIAL YEAR			
		(85,329)	(20,305)

The reported profit/(loss) on ordinary activities and the amount retained for the year and preceding financial year are presented on a historical cost basis.

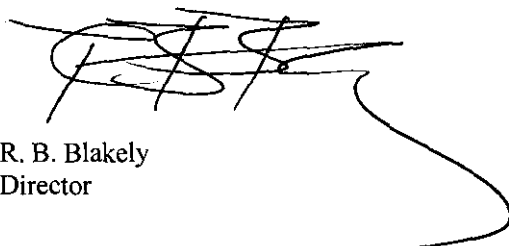
There were no recognised gains and losses other than the loss for the current year and preceding year and accordingly a statement of total recognised gains and losses has not been presented.

THE SHELL COMPANY OF NIGERIA LIMITED**BALANCE SHEET****At 31 December 2003**

	Note	2003 £	2002 £
FIXED ASSETS			
Investments	6	340,900	340,900
CURRENT ASSETS			
Debtors	7	2,849,787	2,942,904
CREDITORS: amounts falling due within one year	8	(33,898)	(41,686)
NET CURRENT ASSETS		2,815,889	2,901,218
TOTAL ASSETS LESS CURRENT LIABILITIES		3,156,789	3,242,118
CAPITAL AND RESERVES			
Called up share capital	9	1,000,000	1,000,000
Profit and loss account	10	2,156,789	2,242,118
EQUITY SHAREHOLDERS' FUNDS	10	3,156,789	3,242,118

The notes on pages 7 to 11 form part of these accounts.

The accounts were approved by the Board of Directors on 31 January 2005 and were signed on its behalf by:



R. B. Blakely
Director

THE SHELL COMPANY OF NIGERIA LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 2003

1. Accounting policies

a) Accounting convention and compliance with Accounting Standards

The accounts have been prepared under the historical cost convention, in accordance with the Companies Act 1985 and applicable Accounting Standards in the United Kingdom and the accounting policies as described below.

b) Group accounts

Group accounts of the Company and its subsidiary undertaking have not been prepared. The Company is exempt from the requirement to prepare consolidated accounts under the provisions of Section 228 of the Companies Act 1985 (as amended by Section 5 of the Companies Act 1989). The accounts present information about the Company as an individual undertaking and not about its group.

The immediate parent company is Shell Overseas Holdings Limited.

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

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

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

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

c) Foreign currency translation

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

Monetary assets and liabilities recorded in foreign currencies have been expressed in Sterling at the rates of exchange ruling on 31 December 2003. Differences on translation are included in the profit and loss account.

THE SHELL COMPANY OF NIGERIA LIMITED**NOTES TO THE ACCOUNTS (Continued)****For the year ended 31 December 2003****1. Accounting policies (Continued)****d) Fixed asset investments**

These comprise investments in shares and loans which the Directors intend to hold on a continuing basis in the Company's business. The investments are stated at cost less provision for impairment. A review for the potential impairment of an investment is carried out 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 Financial Reporting Standard 11. Impairments thus arising are recorded in the profit and loss account.

e) Cash flow statement

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

f) Related party disclosures

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

2. Other interest receivable and similar income

	2003 £	2002 £
Subsidiary undertakings	131,504	263,221

3. Interest payable and similar charges

	2003 £	2002 £
Loss on currency translation	(249,581)	(247,050)

4. Profit/(loss) on ordinary activities before taxation

Profit/(loss) on ordinary activities before taxation is stated after charging the following:

	2003 £	2002 £
Auditors' remuneration for audit services	(2,100)	(2,100)

No fees were paid to the auditor in respect of any other work (2002: £nil).

The Company had no employees during 2003 (2002: nil).

None of the Directors received any emoluments (2002: £nil) in respect of their services to the Company.

THE SHELL COMPANY OF NIGERIA LIMITED

NOTES TO THE ACCOUNTS (Continued)

For the year ended 31 December 2003

5. Tax on profit/(loss) on ordinary activities

The credit for the year of £36,570 (2002: £34,376 charge) is made up as follows:

	2003 £	2002 £
United Kingdom corporation tax at the standard rate of 30% (2002: 30%)	36,570	(4,221)
Adjustment in respect of prior year	-	(30,155)
	<u>36,570</u>	<u>(34,376)</u>

The tax assessed for the prior year is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2003 £	2002 £
(Profit)/loss on ordinary activities before tax	121,899	(14,071)
Tax on (profit)/loss on ordinary activities at standard UK corporation tax rate of 30% (2002: 30%)	36,570	(4,221)
Effects of:		
Adjustments to tax charge in respect of prior year	-	(30,155)
	<u>36,570</u>	<u>(34,376)</u>
Current tax credit/(charge)		

THE SHELL COMPANY OF NIGERIA LIMITED

NOTES TO THE ACCOUNTS (Continued)

For the year ended 31 December 2003

6. Fixed assets - Investments

	Shares in subsidiary undertakings £
Cost	
Balance at 1 January 2003	340,900
Balance at 31 December 2003	<u>340,900</u>
Net book amount	
At 31 December 2003	<u>340,900</u>
At 31 December 2002	<u>340,900</u>

The investment relates to a holding of ordinary shares of SNOP, a holding company whose subsidiaries are engaged in the principal activities of the Oil Products business. Information pursuant to schedule 5 of the Companies Act 1985 is as follows:

	Country of incorporation	Class of share	Principal activity	Percentage of shares held directly
Shell Nigeria Oil Products Limited	Nigeria	Ordinary	Buying, selling and dealing in petroleum products	100%

7. Debtors

	2003 Within 1 Year £	2002 Within 1 Year £
Amounts owed by Group undertakings:		
Parent undertakings	883,229	764,295
Subsidiary undertaking	1,927,976	2,177,559
Other debtors	2,012	1,050
Taxation receivable	36,570	-
	<u>2,849,787</u>	<u>2,942,904</u>

The subsidiary undertaking debtor represents an interest bearing loan, which was due to be repaid on 29 March 2002, with interest chargeable at applicable LIBOR rates plus a margin of 3.5%. From the due date onwards, compounding default interest has been calculated on the outstanding amount, at a rate of 1%, and the entire amount outstanding is payable on demand.

THE SHELL COMPANY OF NIGERIA LIMITED

NOTES TO THE ACCOUNTS (Continued)

For the year ended 31 December 2003

8. Creditors: amounts falling due within one year

	2003	2002
	£	£
Amounts owed to parent undertaking	24,490	-
Accruals and deferred income	9,408	7,310
Taxation payable	-	34,376
	<hr/>	<hr/>
	33,898	41,686
	<hr/>	<hr/>

9. Called up share capital

	2003	2002
	£	£
Authorised		
1,000,000 (2002: 1,000,000) ordinary shares of £1 each	1,000,000	1,000,000
	<hr/>	<hr/>
Allocated, called up and fully paid		
1,000,000 (2002: 1,000,000) ordinary shares of £1 each	1,000,000	1,000,000
	<hr/>	<hr/>

10. Reconciliation of movements in reserves and shareholders' funds

	Share capital	Profit and loss account	Shareholder's funds
	£	£	£
At 1 January 2002	1,000,000	2,262,423	3,262,423
Retained loss for the year	-	(20,305)	(20,305)
	<hr/>	<hr/>	<hr/>
At 1 January 2003	1,000,000	2,242,118	3,242,118
Retained loss for the year	-	(85,329)	(85,329)
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	1,000,000	2,156,789	3,156,789
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11. Post balance sheet events

On 20 December 2004, the Company signed an amended loan agreement with Shell Nigeria Oil Products Limited, this loan has been extended until 31 December 2004.