

Registered in England and Wales 539964

SHELL RESEARCH LIMITED

DIRECTORS' REPORT

AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2009

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SHELL RESEARCH LIMITED

DIRECTORS' REPORT

The Directors submit their annual report and audited accounts for the year ended 31 December 2009

Shell Research Limited (also referred to as "The Company") is one of the entities within the "Shell Group". In this context the term "Shell Group" and "Companies of the Shell Group" ("Group companies") means companies in which Royal Dutch Shell plc, either directly or indirectly, has control either through a majority of the voting rights or the right to exercise a controlling influence or to obtain the majority of the benefits and be exposed to the majority of the risks. Companies in which Group companies have significant influence but not control are classified as "Associated companies". Royal Dutch Shell plc, a Company incorporated in the United Kingdom, 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 (the direct shareholder of The Company) and its subsidiaries in general. These expressions are also used where no useful purpose is served by identifying the particular company or companies.

The annual report and audited accounts of the Company have been prepared in accordance with the Companies Act 2006.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activities of the Company are to provide research and other related services to other companies of the Shell Group and third parties, and the licensing of technology and patents to third parties.

The Company's profit for the financial year decreased from £10,960,000 to a loss of £4,098,000 in the current year. The deterioration is essentially a consequence of the exceptional items noted below. The profit before exceptional items relates to income from royalties, income from cost sharers and research and development tax credits.

Exceptional items

The current year's result is after the following exceptional items:

- During the course of the current year, management have identified that they have overrecovered £13,465,000 of Group pension scheme contributions from the Group cost sharers in prior periods. Consequently, an exceptional credit note has been recognised against turnover in the year, together with a provision in the balance sheet for the reimbursement of these monies back to the group cost sharers.
- An ongoing restructuring exercise has resulted in an exceptional £19,522,000 charge to operating costs in the profit and loss account, with a corresponding provision in the balance sheet for redundancy costs associated with this exercise which are expected to be paid within the next financial year.

Dividends

The Directors recommend that no dividend be paid for the year ended 31 December 2009 (2008: £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.

SHELL RESEARCH LIMITED

DIRECTORS' REPORT (continued)

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 plc (“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 13 to 15 of Royal Dutch Shell’s Annual Report and Form 20-F for the year ended 31 December 2009 (the “Group Report”), include those of the Company. (The Group Report does not form part of this report)

Key Performance Indicators

The Shell group of companies consists of the Upstream businesses of Exploration and Production, Gas and Power and Oil Sands and the Downstream businesses of Oil Products and Chemicals. For this reason, the Company’s Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance and position of the business of the Company. The development, performance and position of the various businesses is discussed on pages 19 to 44 of the Group Report and the key performance indicators through which the Group’s performance is measured are as set out on pages 8 to 9 of the Group Report. (The Group Report does not form part of this report)

Research and Development

Shell Research Limited carries out an annual programme of research & development on behalf of the Shell Group. The research relates to the development and formulation of fuels and lubricants to support the technology vision of the downstream businesses.

DIRECTORS

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

A J M Lumens		Resigned 30 January 2010
A W Foulds	Appointed 3 November 2009	
D J Koris		
G A Lewin (Chairman)		Resigned 30 September 2009
G J M Schotman	Appointed 20 January 2010	
P J Snarth		Resigned 30 September 2009

FINANCIAL RISK MANAGEMENT

The Company’s Directors are required to follow the requirements of Shell Group risk management policies, which included specific guidelines on the management of foreign exchange and interest rates, and advise on the use of financial instruments to manage them. Shell Group risk management policies can be found in the financial statement of Royal Dutch Shell (see pages 81 to 82 and note 23).

SHELL RESEARCH LIMITED

DIRECTORS' REPORT (continued)

CREDITOR PAYMENT POLICY

The Company complies with the Better Payment Practice Code, which states that responsible companies should

- Agree payment terms at the outset of a deal and stick to them,
- Explain its payment procedures to suppliers,
- Pay bills in accordance with any contract agreed with the supplier or as required by law, and
- Tell suppliers without delay when an invoice is contested and settle disputes quickly

Information and copies of the code can be obtained from www.payontime.co.uk

The Company had 42 days of purchases outstanding at 31 December 2009 (2008 46 days) based on average daily amount invoiced by suppliers during the year

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the accounts in accordance with applicable law and regulations

Company law requires the Directors to prepare accounts for each financial year. Under that law the Directors have elected to prepare the Company accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the accounts 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 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 UK 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 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 accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DISCLOSURE OF INFORMATION TO AUDITORS

All Directors in office at the date of approval of the Directors' report confirm that so far as each of the Directors is aware, there is no relevant audit information (meaning information needed by the Company's auditors in connection with preparing their report) that has not been disclosed to the Company's auditors. Each of the Directors believes that he or she has taken all steps that ought to have been taken to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

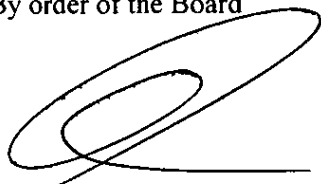
SHELL RESEARCH LIMITED

DIRECTORS' REPORT (continued)

INDEPENDENT AUDITORS

The Company has passed an elective resolution pursuant to section 386 of the Companies Act 1985 to dispense with the annual reappointment of auditors. As this elective resolution was in force before 1 October 2007 and has not been revoked or ceased to have effect, PricewaterhouseCoopers LLP will continue in office as auditors of the Company pursuant to section 487 (2) of the Companies Act 2006 as amended by the Companies Act 2006 (Commencement No 3 Consequential Amendments, Transitional Provisions and Savings) Order 2007 SI2007/2194.

By order of the Board

A handwritten signature in black ink, consisting of a large, stylized 'G' followed by a horizontal line.

Gavin White
Authorised signatory for
Shell Corporate Secretary Limited
Company Secretary
27 September 2010

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SHELL RESEARCH LIMITED

We have audited the accounts of Shell Research Limited for the year ended 31 December 2009, which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of Directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Scope of the audit of the accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the accounts.

Opinion on accounts

In our opinion, the accounts:

- give a true and fair view of the state of the Company's affairs as at 31 December 2009 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.

Opinion on other matter prescribed by Companies Act 2006

In our opinion, the information given in the Directors' report for the financial year for which the accounts are prepared is consistent with the accounts.

Matters on which we are required to report by exception

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 by the Company, or returns adequate for our audit have not been received from branches not visited by us, or
- the Company accounts 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 of the information and explanations we require for our audit.

Greg Wilson (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester, M2 3PW

27 September, 2010

SHELL RESEARCH LIMITED
PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2009

Continuing operations

	Note	2009 £ '000	2008 £ '000
Turnover	2	130,287	123,067
Operating costs		<u>(143,874)</u>	<u>(112,089)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		(13,587)	10,978
Other interest receivable and similar income	3	44	355
Interest payable and similar charges	4	<u>(28)</u>	<u>(28)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	(13,571)	11,305
Tax on (loss)/profit on ordinary activities	6	<u>9,473</u>	<u>(345)</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	17	<u>(4,098)</u>	<u>10,960</u>

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

The notes on pages 8 to 23 are an integral part of these financial statements

SHELL RESEARCH LIMITED**REGISTERED IN ENGLAND AND WALES: 539964****BALANCE SHEET****As at 31 December 2009**

	Note	2009 £ '000	Restated 2008 £ '000
FIXED ASSETS			
Tangible assets	7	45,969	47,033
Investment	8	-	-
		<u>45,969</u>	<u>47,033</u>
CURRENT ASSETS			
Stocks	9	2,169	1,699
Debtors	10	86,434	60,257
Cash at bank and in hand		2	3,580
		<u>88,605</u>	<u>65,536</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	11	<u>(41,770)</u>	<u>(47,956)</u>
NET CURRENT ASSETS		<u>46,835</u>	<u>17,580</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		92,804	64,613
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	12	(834)	(889)
PROVISIONS FOR LIABILITIES			
Deferred taxation	15	(6,781)	(8,026)
Other provisions	15	(34,189)	(600)
NET ASSETS		<u>51,000</u>	<u>55,098</u>
CAPITAL AND RESERVES			
Called up share capital	16	50	50
Profit and loss account		50,950	55,048
TOTAL SHAREHOLDERS' FUNDS	17	<u>51,000</u>	<u>55,098</u>

The accounts on pages 6 to 23 were approved by the Board of Directors on 27 September 2010 and were signed on its behalf by



A Foulds

SHELL RESEARCH LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 2009

A. Accounting policies

a) Accounting convention and compliance with Accounting Standards

The accounts have been prepared on a going concern basis under the historical cost convention, in accordance with the Companies Act 2006, applicable Accounting Standards in the UK, and the accounting policies as described below

The Company has taken advantage of the exemptions allowed by paragraph 9(b) of Financial Reporting Standard 17, as the Company is unable to identify its share of the Fund's underlying assets and liabilities on a consistent and reasonable basis

Other than the restatement noted in 1 l) below, the accounting policies have been consistently applied

b) Group accounts

The immediate parent Company is the The Shell Petroleum Company Limited

The ultimate parent company and controlling party is Royal Dutch Shell plc, which is incorporated in the UK

Royal Dutch Shell plc is the parent undertaking of the largest group of undertakings to consolidate these accounts at 31 December 2009. The consolidated accounts of Royal Dutch Shell plc are available from

Royal Dutch Shell plc
c/o Bankside
Tel +44 (0)1635 232700
Email bbs@shellbankside.co.uk

c) Tax

The Company records a tax charge or credit in the profit and loss account calculated at the tax rate prevailing in the year for tax payable to HM 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

SHELL RESEARCH LIMITED

NOTES TO THE ACCOUNTS (continued)

For the year ended 31 December 2009

1 Accounting policies (continued)

d) Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profit and its results as stated in the accounts that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the accounts.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when tangible fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on the sale has been recognised in the accounts.

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

Amounts relating to deferred taxation are undiscounted.

e) Foreign currency translation

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

Monetary assets and liabilities recorded in foreign currencies have been expressed in Pounds Sterling 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 that have been measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined. No subsequent translations are made once this has occurred.

f) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less accumulated depreciation and provision for impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. A review for the potential impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of a fixed asset may not be recoverable. Such impairment reviews are performed in accordance with FRS 11. Impairments thus arising are recorded in the profit and loss account.

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

SHELL RESEARCH LIMITED

NOTES TO THE ACCOUNTS (continued)

For the year ended 31 December 2009

1 Accounting policies (continued)

f) Tangible fixed assets and depreciation (continued)

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

Depreciation is calculated on a straight-line basis over the estimated remaining useful life. The annual percentage rates applicable to the major classes of assets are as follows:

Freehold buildings	2.5% - 5% per annum
Plant and machinery	5% - 6% per annum
Fixtures fittings, tools and equipment	6% - 33% per annum
Land is not depreciated	

g) Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is determined by the 'first-in-first-out' method. Stock includes fuels and lubricants, and testing vehicles, which are valued on an annual basis in line with independent industry standards.

h) Turnover

The Company provides unique expertise mainly to other Shell Group Companies to improve customers' business performance. The Company develops and delivers applied technology solutions, by providing operational services, advice, support, project management, development and research. Turnover represents amounts receivable (excluding value added tax) for expenditure incurred in relation to research and development activities of the Company, which is charged to income as incurred.

Royalty income is recognised as earned, this turnover relates to licence agreements issued on behalf of Shell Group Companies, of which the Company retains 5%.

i) Grants

Grants are recognised when there is reasonable assurance that the Company will comply with any conditions attached to the grant and that the grant will be received. The grant is recognised as income over the periods necessary to match it with the expenditure towards which it is intended to contribute.

j) Leased Assets

Assets leased under finance leases have been accounted for on the basis prescribed by Statement of Standard Accounting Practice ("SSAP") 21.

Finance leases are recorded in the balance sheet as assets and as obligations to make future payments. The sum recorded both as an asset and as liability is the present value of the minimum lease payments calculated using the discount rate implicit in the lease. The resultant tangible fixed assets are depreciated, depleted or amortised over the lower of the useful life and the term of the lease. Payments made are accounted for in the appropriate proportions as repayments of principal and charges for interest.

SHELL RESEARCH LIMITED

NOTES TO THE ACCOUNTS (continued)

For the year ended 31 December 2009

1 Accounting policies (continued)

k) Pension costs

The Company is a contributor to the Shell Contributory Pension Fund, which covers the majority of its employees and is a funded defined benefits scheme. The pension cost in relation to this scheme is assessed in accordance with the advice of a qualified actuary using the projected unit method.

The Company is unable to identify its share of the Fund's underlying assets and liabilities on a consistent and reasonable basis and therefore has taken advantage of the exemptions allowed by paragraph 9(b) of FRS 17. There are no contractual or stated policies on which to base an allocation of the Fund's underlying assets and liabilities to member companies. The Company accounts for its contributions to the Fund in the period in respect of which they become payable. Disclosure is provided of available information about the existence of any surplus or deficit of the Fund and any implications for the Company in Note 14. The Fund's assets are held in a separately administered fund from Shell Group assets.

l) Netting-off policy

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

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

The Company has adopted this policy during the year, so to be consistent with the other Shell Group companies. As a consequence, trade debtors have been grossed up for royalty debtors, that have previously been netted off against the connected amount due to fellow subsidiary undertakings, this being because there is no intention to settle these balances net. Consequently, the 2008 trade debtors and amounts due to fellow subsidiary undertakings creditors have been grossed up by £21,276,000. This treatment has also been applied to the current year trade debtors and amounts due to fellow subsidiary undertakings.

m) Cash flow statement

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

n) Related party disclosures

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

o) Long-term contracts

Turnover should be ascertained in a manner appropriate to the stage of completion of the contract, the business and the industry in which it operates. The treatment of turnover and attributable profit follows that prescribed by SSAP 9. The Company recognises turnover as expenditure is incurred, expenditure that is not yet invoiced is recognised on the balance sheet as accrued income under debtors and amounts invoiced in excess of the amount of revenue recognised are recorded on the balance sheet as payments on account.

SHELL RESEARCH LIMITED

NOTES TO THE ACCOUNTS (continued)

For the year ended 31 December 2009

1 Turnover

	2009	2009	2009	2008	2008	2008
	Gross	Operating	Total	Gross	Operating	Total
	Royalties	Income		Royalties	Income	
	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000
Geographical markets						
Europe	8,559	106,587	115,146	17,778	59,812	77,590
Exceptional item	-	(13,465)	(13,465)	-	-	-
Europe	8,559	93,122	101,681	17,778	59,812	77,590
Other eastern hemisphere	25,763	1,828	27,591	39,122	359	39,481
Western hemisphere	983	32	1,015	687	64	751
	<u>35,305</u>	<u>94,982</u>	<u>130,287</u>	<u>57,587</u>	<u>60,235</u>	<u>117,822</u>

During the course of the current year, management have identified that they have over recovered £13,465,000 of Group pension scheme contributions from the Group cost sharers in prior periods. Consequently, an exceptional credit note has been recognised against turnover in the year, together with a provision in the balance sheet for the reimbursement of these monies back to the group cost sharers.

2 Other Interest receivable and similar income

	2009	2008
	£ '000	£ '000
Interest from banks and similar income	<u>44</u>	<u>355</u>

3 Interest payable and similar charges

	2009	2008
	£ '000	£ '000
Finance lease charges	<u>28</u>	<u>28</u>

SHELL RESEARCH LIMITED**NOTES TO THE ACCOUNTS (continued)****For the year ended 31 December 2009****4 Profit on ordinary activities before taxation**

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

	2009	2008
	£ '000	£ '000
Staff costs		
Wages and salaries	32,506	29,669
Social security costs	3,255	3,018
Other pension costs	4,312	42
	<u>40,073</u>	<u>32,729</u>

The Company does not directly employ staff, all employment contracts are held with Shell International Petroleum Company Limited. Staff costs are 100% recharged from Shell International Petroleum Company Limited.

	2009	2008
	£ '000	£ '000
Depreciation		
On owned assets	6,775	6,031
On assets held under finance leases	167	124
Loss/(profit) on sale of fixed assets	38	(42)
Auditors' remuneration for audit services	12	12
Release of grants	(53)	(53)
Exceptional restructuring costs (see note 15)	19,522	-
Exceptional credit note (see note 2)	13,465	-

SHELL RESEARCH LIMITED**NOTES TO THE ACCOUNTS (continued)****For the year ended 31 December 2009****5 Tax on profit on ordinary activities**

The credit for the year of £9,473,000 (2008 charge £345,000) is made up as follows

	2009	2008
	£ '000	£ '000
UK corporation tax at the standard rate of 28% (2008 28.5%)	(7,938)	1,134
Adjustments in respect of prior years	(290)	77
Total current tax (credit)/charge	<u>(8,228)</u>	<u>1,211</u>
Deferred tax:		
Effect of change in corporation tax rates	-	14
Origination and reversal of timing differences	(819)	(812)
Adjustments in respect of prior years	(426)	(68)
Total deferred tax credit	<u>(1,245)</u>	<u>(866)</u>
Total tax (credit)/charge	<u>(9,473)</u>	<u>345</u>

The tax assessed for the year differs from the standard rate of UK corporation tax (2008 28.5%)
The differences are explained below

	2009	2008
	£ '000	£ '000
Loss/(profit) on ordinary activities before taxation	<u>(13,571)</u>	<u>11,305</u>
Tax on profit on ordinary activities at standard UK corporation tax rate of 28% (2008 28.5%)	(3,800)	3,222
Effects of		
Expenses not deductible	247	(161)
Accelerated capital allowances	364	682
Deduction for withholding tax	(1,619)	(2,012)
Other timing differences	502	130
Research and development tax credit	(5,251)	(2,739)
Adjustments to tax charge/(credit) in respect of prior years	(290)	77
Taxation imposed outside of the UK	<u>1,619</u>	<u>2,012</u>
Current tax (credit)/charge for the year	<u>(8,228)</u>	<u>1,211</u>

The corporation tax rate was 28% for current tax in year to 31st December 2009

SHELL RESEARCH LIMITED**NOTES TO THE ACCOUNTS (continued)****For the year ended 31 December 2009****7 Tangible assets**

	Freehold land and buildings	Plant and machinery	Fixtures fittings tools and equipment	Assets under construction	Total
	£ '000	£ '000	£ '000	£ '000	£ '000
Cost or valuation					
Balance at 1 January 2009	67,451	3,770	66,195	5,529	142,945
Additions	-	-	-	6,015	6,015
Disposals and retirements	(1,956)	(827)	(30,833)	-	(33,616)
Transfers	4,026	-	4,181	(8,207)	-
Balance at 31 December 2009	<u>69,521</u>	<u>2,943</u>	<u>39,543</u>	<u>3,337</u>	<u>115,344</u>
Accumulative Depreciation					
Balance at 1 January 2009	(42,587)	(2,929)	(50,396)	-	(95,912)
Charge for the year	(3,717)	(112)	(3,113)	-	(6,942)
Disposals and retirements	1,927	813	30,739	-	33,479
Balance at 31 December 2009	<u>(44,377)</u>	<u>(2,228)</u>	<u>(22,770)</u>	<u>-</u>	<u>(69,375)</u>
Net book amount					
At 31 December 2009	<u>25,144</u>	<u>715</u>	<u>16,773</u>	<u>3,337</u>	<u>45,969</u>
At 31 December 2008	<u>24,864</u>	<u>841</u>	<u>15,799</u>	<u>5,529</u>	<u>47,033</u>

Assets held under finance leases have a cost of £657,000 (2008 £452,000) and accumulated depreciation of £298,000 (2008 £140,000)

SHELL RESEARCH LIMITED**NOTES TO THE ACCOUNTS (continued)****For the year ended 31 December 2009****8 Fixed assets - Investments**

	£ '000
Cost	
Balance at 1 January 2009	771
Additions	1,200
Balance at 31 December 2009	<u>1,971</u>
Amounts provided	
Balance at 1 January 2009	(771)
Additions	(1,200)
Balance at 31 December 2009	<u>(1,971)</u>
Net book amount	
At 31 December 2009	<u>-</u>
At 31 December 2008	<u>-</u>

In 2008 the Company entered into an agreement to fund the operations of a new entity (limited liability partnership), Energy Technologies Institute LLP ("ETI") The Company is committed to contribute up to £5 million, with the amount contributed in a financial year being agreed each year by the Members. The Directors believe that the Company does not control or have significant influence over ETI and consequently, have accounted for it as a trade investment. During the period the Company paid over £1,200,000. Full provision has currently been recorded against the investment as it has yet to demonstrate long term value to the Company.

9 Stocks

	2009	2008
	£ '000	£ '000
Raw materials and consumables		
Lubricants and Fuels	1,288	1,139
Testing Vehicles	881	560
	<u>2,169</u>	<u>1,699</u>

SHELL RESEARCH LIMITED
NOTES TO THE ACCOUNTS (continued)
For the year ended 31 December 2009

10 Debtors

	2009	Restated
	Within	Within
	1 Year	1 Year
	£ '000	£ '000
Trade debtors (Restated)	13,999	22,064
Amounts owed by fellow subsidiary undertakings	57,976	31,892
Tax receivable (Restated)	11,394	4,103
Prepayments and accrued income	3,065	2,198
	<u>86,434</u>	<u>60,257</u>

As stated in 'note 1 l)' above, the Company has changed its approach to netting down balances in the current year so to be consistent with the approach used at other Shell Group companies. As a consequence, trade debtors have been grossed up for royalty debtors, that have previously been netted off against the connected amounts due to fellow subsidiary undertakings, this being because there is no intention to settle these balances net. Consequently, the 2008 trade debtors and amounts due to fellow subsidiary undertakings creditor have been grossed up by £21,276,000. This treatment has also been applied to the current year trade debtors and amounts due to fellow subsidiary undertakings.

SHELL RESEARCH LIMITED**NOTES TO THE ACCOUNTS (continued)****For the year ended 31 December 2009****11 Creditors: amounts falling due within one year**

	2009	Restated 2008
	£ '000	£ '000
Trade creditors	132	3,239
Amounts owed to fellow subsidiary undertakings (Restated)	19,833	24,597
Obligations under Finance Leases (see note 13)	190	133
Accruals and deferred income	20,186	18,534
Payments received on account	1,429	1,453
	<u>41,770</u>	<u>47,956</u>

As explained in note 10, and note 11) above Amounts owed to fellow subsidiary undertakings for 31 December 2008 has been grossed up for £21,276,000 of royalty debtors that had previously been net down against this balance

12 Creditors: amounts falling due after more than one year

	2009	2008
	£ '000	£ '000
Obligations under Finance Leases (see note 13)	187	189
Accruals and deferred income	647	700
	<u>834</u>	<u>889</u>

The maturity profile of the carrying amount of the Company's financial liabilities at 31 December 2009 was as follows

	2009	Restated 2008
	£ '000	£ '000
Within one year, or on demand	41,770	47,956
Within one to two years	181	174
Within two to five years	218	227
After five years	435	488
	<u>42,604</u>	<u>48,845</u>

13 Obligations under finance lease

The Company's net obligations under finance leases fall due as follows

	2009	2008
	£ '000	£ '000
Within one year	190	133
Within two to five years	187	189
	<u>377</u>	<u>322</u>

SHELL RESEARCH LIMITED**NOTES TO THE ACCOUNTS (continued)****For the year ended 31 December 2009****14 Pension schemes**

The Company is a member company of the Shell Contributory Pension Fund ("SCPF"), a defined benefits pension scheme, which provides pensions and other post retirement benefit entitlements for those United Kingdom employees who elect to become Members of the SCPF. Apart from the contributions from employee members, which have a fixed maximum rate, the SCPF is funded entirely by contributions from member companies at rates certified from time to time by Hewitt Associates Limited, the SCPF's actuary.

Hewitt Associates Limited carried out an actuarial valuation of the SCPF as at 31 December 2008 using the projected unit method. The actuarial value of the SCPF's assets as at that date was £10,540 million and the value of the liabilities was £10,358 million. The principal actuarial assumptions adopted in the valuation were a discount rate of 4.9%, a rate of general pay increases of 4.8%, and a price inflation rate of 2.8%. The actuarial value of the assets was surplus to the present value of the scheme liabilities by 1.72% after allowing for expected future increases in earnings. Member Companies' contributions to the SCPF were suspended from 1 July 2007, but have resumed regular contributions from 1 July 2009. An update to the actuarial valuation of the fund was undertaken as at 31 December 2009 using assumptions consistent with the actuarial valuation above and unaudited asset values. The fund surplus at the end of 2009 had increased to £500 million from £182 million at the end of 2008.

The Company is unable to identify its share of the scheme's underlying assets and liabilities on a consistent and reasonable basis. There are no contractual or stated policies on which to base an allocation of the Fund's underlying assets and liabilities to member companies. In accordance with the exemption allowed by paragraph 9(b) of FRS 17, the Company will continue to account for SCPF as a defined contribution scheme.

In the accounts of the Company there is a charge of £4,312,385 for the year for contributions to the SCPF (2008 £42,220). £3,326,000 is not included in operating profit in respect of pension service costs uplift charged to Group Cost Sharers (2008 £6,280,000). Contributions are expected to remain at 31% of members' pensionable salaries until 2012 (unless certain surplus limits are reached prior to that time).

15 Provisions for liabilities

	Cost sharer pension reimbursement provision	Restructuring	Total
	£ '000	£ '000	£ '000
Balance at 1 January 2009	-	600	600
Additions	3,327	-	3,327
Exceptional redundancy costs	-	19,522	19,522
Exceptional item (see note 2)	13,465	-	13,465
Utilisation of provision	-	(2,157)	(2,157)
Released to profit and loss account	(428)	(140)	(568)
Balance at 31 December 2009	<u>16,364</u>	<u>17,825</u>	<u>34,189</u>

At the end of 2009, we have a provision for redundancy of £17,825,000 all of which is expected to be paid within 12 months of the balance sheet date. At the end of year 2009, we recognize a provision for pensions of £16,364,000 related to pension reimbursement to cost sharers, the repayment date of this balance has not yet been agreed.

SHELL RESEARCH LIMITED**NOTES TO THE ACCOUNTS (continued)****For the year ended 31 December 2009****15. Provisions for liabilities (continued)****Provisions for deferred tax**

The amount set aside for deferred tax represents the timing differences between the recognition of items of income and expenditure for accounting and tax purposes for the years up to and including 2009

The provision comprises

	2009	2008
	£ '000	£ '000
Provision for deferred tax		
Accelerated capital allowances	7,464	8,207
Other timing differences	(683)	(181)
Total provision for deferred tax	<u>6,781</u>	<u>8,026</u>
1 January 2009	8,026	
Deferred tax credit in the profit and loss account	(819)	
Adjustment in respect of prior years in the profit and loss account	(426)	
31 December 2009	<u>6,781</u>	

There are no unrecognised deferred tax assets or liabilities

16 Called up share capital

	2009	2008
	£ '000	£ '000
Authorised		
50,000 (2008 50,000) ordinary shares £1 each	<u>50</u>	<u>50</u>
Allotted and fully paid		
50,000 (2008 50,000) ordinary shares £1 each	<u>50</u>	<u>50</u>

SHELL RESEARCH LIMITED**NOTES TO THE ACCOUNTS (continued)****For the year ended 31 December 2009****17 Reconciliation of movements in reserves and shareholders' funds**

	Shareholders' funds £ '000
At 1 January 2008	44,138
Profit for the year	10,960
At 1 January 2009	55,098
Profit for the year	(4,098)
At 31 December 2009	51,000

18 Directors**Directors' emoluments**

	2009 £ '000	2008 £ '000
Aggregate emoluments	1,176	410

The number of Directors to whom retirement benefits are accruing is as follows

	2009 £ '000	2008 £ '000
In respect of defined benefit schemes	2	1

Highest paid Director

	2009 £ '000	2008 £ '000
Total amount of emoluments and amounts (excluding shares) receivable under long term incentive schemes	1,121	410
Defined benefit pension scheme		
Accrued pension at end of year	89	85

These emoluments and pensions are recharged to the Company from Shell International Petroleum Company Ltd and are then charged to other group companies

SHELL RESEARCH LIMITED**NOTES TO THE ACCOUNTS (continued)****For the year ended 31 December 2009****19 Related party balances and transactions**

Related parties comprise shareholders, directors and any businesses that are controlled, directly or indirectly, by the shareholders or directors of the entity

Related party balances

	2009	2008
	GBP'000	GBP'000
Due from related parties		
British Pipeline Agency Limited	19	26
Showa Shell Sekiyu KK	11	-
Infineum UK Limited	-	66
Other Related Parties	2	-
	<u>32</u>	<u>92</u>
Due to related parties		
Infineum UK Limited	194	-
Showa Shell Sekiyu KK	-	31
Shell Gabon	1	-
	<u>195</u>	<u>31</u>

SHELL RESEARCH LIMITED**NOTES TO THE ACCOUNTS (continued)****For the year ended 31 December 2009****19. Related party balances and transactions (continued)****Related party transactions**

During the year, the entity entered into the following transactions with related parties in the ordinary course of business. These transactions were carried out at prices and on terms applicable to third parties for similar transactions.

	2009 GBP'000	2008 GBP'000
Turnover:		
Infineum UK Limited	769	368
Showa Shell Sekiyu KK	45	-
British Pipeline Agency Limited	17	47
Other Related Parties	<u>6</u>	<u>20</u>
	<u>837</u>	<u>435</u>
Purchases:		
Infineum UK Limited	481	3
Infineum USA LP	187	-
Showa Shell Sekiyu KK	103	20
K K S V C Tokyo	-	18
Shell & BP South African Ref (Pty) Ltd	-	17
Shell MDS (Malaysia) Sdn Bhd	-	27
Other Related Parties	<u>3</u>	<u>1</u>
	<u>774</u>	<u>86</u>