

BG Central Investments Limited

Annual Report and Financial Statements

For the year ended 31 December 2016



Company Registration Number: 01144335

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Strategic report for the year ended 31 December 2016

The Directors present their Strategic report for BG Central Investments Limited (the "Company") for the year ended 31 December 2016.

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 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 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

The Company was incorporated on 8 November 1973 and is a wholly owned subsidiary of BG International (CNS) Limited. The Company acts as a financing company.

The company's investments in BG Finance LLP and BG Alpha LLP were liquidated on 24 May 2016. The Company reduced the issued share capital of the Company from £1,411,004,833 to £1 by cancelling and extinguishing 1,411,004,832 issued fully paid ordinary shares of £1 each on 26 October 2016. The Directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

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 12 to 15 of Royal Dutch Shell's Annual Report and Form 20-F for the year ended 31 December 2016 (the "Group Report"), include those of the Company. (The Group Report does not form part of this report).

Key performance indicators (KPIs)

Companies of the Shell Group comprise the Upstream businesses of Exploration and Production, Integrated gas and Oil Sands 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 22 to 48 of the Group Report and the key performance indicators through which the Group's performance is measured are as set out on pages 20 to 21 of the Group Report.

Strategic report for the year ended 31 December 2016 continued

Financial performance and position

As shown in the Company's income statement on page 8, the Company has not traded during the financial year and has not incurred any expenditure (2015: profit before taxation of £10,161,685).

The result for the year ended 31 December 2016 of £nil (2015: profit of £8,103,865) has been transferred to reserves.

The balance sheet on page 9 shows that due to reduction of capital during the financial year the Company's net assets decreased to £1 (2015: £1,461,058,147).

By order of the Board:



Elizabeth Williams
Company Secretary
Authorised signatory for Shell Corporate Secretary Limited

Date: 21 Sep 2017

Registered Office:
Shell Centre
London, United Kingdom
SE1 7NA

Registered in England and Wales No. 01144335

Directors' report for the year ended 31 December 2016

The Directors present their report and the audited Financial Statements for BG Central Investments Limited for the year ended 31 December 2016.

Dividend

The Directors proposed an interim dividend for the year ended 31 December 2016 of £1,461,058,146 (2015: £nil). The Directors have not proposed a final dividend (2015: £nil).

Future developments

Future developments are included in the Strategic report.

Directors

The following served as Directors during the year and up to the date of this report:

M A Jamieson (resigned 14 February 2017)

J P Kiddle (resigned 25 November 2016)

S R Unger (resigned 30 September 2016)

S Wheeler (resigned 31 August 2016)

The following Directors were appointed after the year end:

Shell Corporate Director Limited (appointed 14 February 2017)

M J Ashworth (appointed 14 February 2017)

Company Secretaries

The following served as joint Company Secretaries during the year and up to the date of this report:

C S Barry (resigned 31 July 2016)

R L Dunn (resigned 31 May 2016)

C L Ennett (resigned 31 July 2016)

Shell Corporate Secretary Limited (appointed 31 July 2016)

Directors' report for the year ended 31 December 2016 continued

Financial risk management

The Company's Directors are required to follow the requirements of Shell Group risk management policies, which include specific guidelines on the management of market, credit and liquidity risk, and advice on the use of financial instruments to manage them. Shell Group risk management policies can be found in the Group Report (see pages 71 to 72 and note 20).

Auditors

Pursuant to Section 487 of the Companies Act 2006, Ernst & Young LLP (the auditors) are deemed to have been re-appointed and remain in office as the auditors of the Company.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic report, Directors' report and the Company's 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's accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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 these 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.

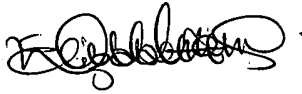
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the accounts comply with the Companies Act 2006. 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.

Directors' report for the year ended 31 December 2016 continued

Disclosure of information to auditors

All Directors in office at the date of approval of the Directors' report confirm that in 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.

By order of the Board:



Elizabeth Williams
Company Secretary
Authorised signatory for Shell Corporate Secretary Limited

Date: 21 Sep 2017

Registered Office:
Shell Centre
London, United Kingdom
SE1 7NA

Registered in England and Wales No. 01144335

Independent auditors' report to the member of BG Central Investments Limited

We have audited the Financial Statements of BG Central Investments Limited for the year ended 31 December 2016 which comprise the Income statement, the Statement of financial position, the Statement of Changes in Equity and the related notes, set out on pages 8 to 16. 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), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

This report is made solely to the Company's member, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to them in an auditors' 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.

Respective responsibilities of Directors and auditors

As explained more fully in the Statement of Directors' responsibilities (set out on page 4), the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements 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.

Scope of the audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements 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 financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Independent auditors' report to the member of BG Central Investments Limited continued

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its results for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101, 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter 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 the Directors' report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

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, 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.



Gary Donald
(Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditors
London

Date: 28/1/17

Income statement for the year ended 31 December

	Notes	2016 £	2015 £
Finance income	4	-	10,161,685
Profit before taxation		-	10,161,685
Income tax expense		-	(2,057,820)
Profit for the year		-	8,103,865

The results for the year are derived solely from continuing operations.

There was no other comprehensive income and therefore the total comprehensive income is the same as that presented in the income statement.

Statement of financial position as at 31 December

	Notes	2016 £	2015 £
Current assets			
Trade and other receivables	7	<u>1</u>	<u>1,585,213,781</u>
Total assets		<u>1</u>	<u>1,585,213,781</u>
Current liabilities			
Trade and other payables	8	<u>-</u>	<u>(124,155,634)</u>
Total liabilities		<u>-</u>	<u>(124,155,634)</u>
Net assets		<u>1</u>	<u>1,461,058,147</u>
Equity			
Called up share capital	9	1	1,411,004,833
Retained earnings		<u>-</u>	<u>50,053,314</u>
Total equity		<u>1</u>	<u>1,461,058,147</u>

The Financial Statements on pages 8 to 16 were approved by the Board of Directors and were signed on its behalf by:



M J Ashworth

Director

Date: 21 Sep 2017

Statement of changes in equity

	Called up share capital £	Retained earnings £	Total £
At 1 January 2015	1,411,004,833	41,949,449	1,452,954,282
Profit for the year	-	8,103,865	8,103,865
Total comprehensive income for the year	-	8,103,865	8,103,865
At 31 December 2015	1,411,004,833	50,053,314	1,461,058,147
Result for the year	-	-	-
Total comprehensive income for the year	-	-	-
Other ordinary share capital movements	(1,411,004,832)	1,411,004,832	-
Dividends 6	-	(1,461,058,146)	(1,461,058,146)
At 31 December 2016	1	-	1

Notes to the Financial Statements

General company information

The Company is a limited company, which is incorporated in England and Wales. The registered office is Shell Centre, London SE1 7NA.

1 Ultimate parent undertaking

The immediate parent company is BG International (CNS) Limited.

The ultimate parent undertaking and controlling party is Royal Dutch Shell plc, which is incorporated in England and Wales. Royal Dutch Shell plc is the parent undertaking of the smallest and largest group to consolidate these accounts.

The consolidated accounts for Royal Dutch Shell plc are available from Company Secretary, Shell Centre, London SE1 7NA (Tel: +31 888 800 844; Email: order@shell.com)

2 Accounting policies

Basis of preparation and accounting principles

The balance sheet and income statements have been prepared using the IAS 1 format.

These accounts have been prepared on the going concern basis and in accordance with applicable law in the United Kingdom and Financial Reporting Standard 101, 'Reduced disclosure framework', using historical cost convention, except for certain items measured at fair value, and in accordance with the Companies Act 2006. A summary of the more important accounting policies, which have been applied consistently, is set out below.

The Company held a 0.3875% investment in BG Finance LLP and a 0.029% investment in BG Alpha LLP. Both partnerships were considered to be joint operations. The Company accounts for its share of the assets, liabilities and profit and loss of BG Finance LLP and BG Alpha LLP within these Financial Statements. On 24 May 2016, the Company's investments, BG Alpha LLP and BG Finance LLP, were dissolved.

Notes to the Financial Statements continued

2 Accounting policies continued

Summary of disclosure exemptions

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

- (a) IFRS 7, 'Financial instruments: disclosures'.
- (b) 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).
- (c) Paragraph 38 of IAS 1, 'Presentation of financial statements' to present comparative information in respect of paragraph 79(a)(iv) of IAS 1, 'Presentation of financial statements';
- (d) Paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1, 'Presentation of financial statements'.
- (e) IAS 7, 'Statement of cash flows'.
- (f) Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors'.
- (g) Paragraphs 17 and 18A of IAS 24, 'Related party disclosures'.
- (h) The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- (i) Paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36, 'Impairment of assets'.

Financial instruments

Loans not in a fair value hedging relationship, and receivable and payable balances are initially recognised at fair value and subsequently carried at amortised cost less impairments.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax, determined using currently enacted or substantively enacted tax laws. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available, against which the temporary differences can be utilised.

Foreign currencies

The functional currency of the Company is Pounds Sterling and the Financial Statements are presented in that currency. Transactions in foreign currencies are translated into Pounds Sterling at the rates of exchange ruling at the date of the transaction. Foreign currency monetary assets and liabilities are translated into Pounds Sterling at the rates of exchange ruling at the reporting date. Differences arising from changes in exchange rates are taken to the income statement in the year in which they arise.

Notes to the Financial Statements continued

2 Accounting policies continued

Judgements and estimates

The preparation of financial statements in conformity with FRS 101 requires the Company to make judgements and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from these estimates.

The Company believes that there are no specific judgements or estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Related party disclosure

In accordance with the exemption allowed by FRS 101, no disclosure is made of transactions with wholly owned companies of the Shell Group.

3 Operating result

The auditors remuneration of £2,220 (2015: £2,165) has been borne by another group company and has not been recharged to the Company. Any fees paid to the Company's auditors and its associates for services other than the statutory audit of the Company are not disclosed in these accounts since the consolidated accounts of the Company's ultimate parent, Royal Dutch Shell plc, are required to disclose non-audit fees on a consolidated basis.

No Directors received remuneration in respect of their services to the Company during the year ended 31 December 2016 (2015: £nil).

The Company had no employees during the year (2015: nil).

4 Finance income

	2016 £	2015 £
Interest receivable	<u>-</u>	<u>10,161,685</u>

Notes to the Financial Statements continued

5 Taxation

The charge for taxation comprises:

	2016 £	2015 £
Current tax		
Group relief	-	2,057,000
Adjustments in respect of prior periods	-	820
Total tax charge	<u>-</u>	<u>2,057,820</u>

The total tax (credit)/charge reconciles with that calculated using the statutory UK corporate tax rate of 20.00% (2015: 20.25%):

	2016 £	2015 £
Profit before tax	-	10,161,685
Tax on profit before taxation at UK statutory corporation tax rate	-	2,057,000
Effects on tax credit of:		
Adjustment recognised for current tax of prior periods	-	820
Total tax charge	<u>-</u>	<u>2,057,820</u>

Reductions of the UK corporation tax rate to 21% effective from 1 April 2014, and to 20% effective from 1 April 2015 were introduced by the Finance Act 2013 and enacted on 17 July 2013.

UK Finance Act (No 2) Act 2015 which introduced further 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 from 1 April 2020 was enacted on 15 September 2016.

6 Dividends

	2016 £	2015 £
Dividends paid		
Interim dividends	<u>1,461,058,146</u>	<u>-</u>

Notes to the Financial Statements continued

6 Dividends continued

An interim dividend of £1,461,058,146 (2015: £Nil), representing £1,461,058,146 (2015: £Nil) per share was declared and paid on 21 November 2016. The Directors have not proposed a final dividend (2015: £nil).

7 Trade and other receivables

	2016 £	2015 £
Current		
Amounts owed by parent undertakings	1 1,584,260,809	
Amounts owed by fellow subsidiary undertakings	<u>-</u>	<u>952,972</u>
	<u><u>1 1,585,213,781</u></u>	

Amounts owed by group undertakings are unsecured, interest free and are repayable on demand.

8 Trade and other payables

	2016 £	2015 £
Current		
Amounts owed to parent undertakings	-	110,811,819
Amounts owed to subsidiary undertakings	-	463
Amounts owed to fellow subsidiary undertakings	-	8,019,526
Amounts owed to group undertakings in respect of taxation	<u>-</u>	<u>5,323,826</u>
	<u><u>-</u></u>	<u><u>124,155,634</u></u>

Amounts owed to group undertakings are unsecured, interest free and are repayable on demand.

Notes to the Financial Statements continued

9 Called up share capital

Allotted and fully paid:

	No.	2016 £	No.	2015 £
Ordinary shares of £1 each	<u>1</u>	<u>1 1,411,004,833</u>	<u>1,411,004,833</u>	

The Company reduced the issued share capital of the Company from £1,411,004,833 to £1 by cancelling and extinguishing 1,411,004,832 issued fully paid ordinary shares of £1 each on 26 October 2016.