

Registered in England and Wales: 03625633

**SHELL U.K. OIL PRODUCTS LIMITED**

**DIRECTORS' REPORT**

**AND ACCOUNTS**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

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## **SHELL U.K. OIL PRODUCTS LIMITED**

### **STRATEGIC REPORT**

The Directors present their strategic report on Shell U.K. Oil products Limited (also referred to as "the Company") for the year ended 31 December 2014

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" mean 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 principal activity of Shell U.K. Oil Products Limited is the management of the downstream oil products operations and assets of Shell U.K. Limited and Shell Service Station Properties Limited in accordance with the terms of Management Services and Agency Agreements. Shell U.K. Limited and Shell Service Station Properties Limited retain the ownership of all fixed assets of the downstream operations. No change to this activity is expected in the foreseeable future.

The Company has made a loss for the year of £1,618,000 (2013: loss of £2,269,000). The decrease in loss is mainly on account of a decrease in tax charge from £1,382,000 to £675,000.

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

The shareholders of the Company approved the transition of the financial statements to a new reporting framework, Financial Reporting Standard 101. This has resulted in the adoption of International Financial Reporting Standards ("IFRS") with a reduced level of disclosure, with disclosure exemptions taken on the basis of equivalent disclosures in Royal Dutch Shell Plc's Annual Report and Form 20-F.

### **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 page 11 to 14 of Royal Dutch Shell's Annual Report and Form 20-F for the year ended 31 December 2014 (the "Group Report"), include those of the Company. (The Group Report does not form part of this report).

## **SHELL U.K. OIL PRODUCTS LIMITED**

### **STRATEGIC REPORT (continued)**

#### **Key Performance Indicators**

Companies of the Shell Group comprise the Upstream businesses of Exploration and Production, Gas and Power 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 23 to 51 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.

By order of the Board

A handwritten signature in black ink, appearing to read 'C. Bushay' with a stylized flourish at the end.

C. Bushay  
Authorised signatory for  
Shell Corporate Secretary Limited  
Company Secretary

7 September 2015

## **SHELL U.K. OIL PRODUCTS LIMITED**

### **DIRECTORS' REPORT**

The Directors present their report and audited accounts for the year ended 31 December 2014.

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

#### **Dividends**

The Directors recommend that no dividend be paid for the year ended 31 December 2014 (2013: £nil).

#### **Future Outlook**

No significant change in the business of the Company has taken place during the year or is expected in the immediately foreseeable future.

### **DIRECTORS**

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

M. Colgan		
E. D. Daniels		Resigned 9 May 2014
T. Hebbelinck	Appointed 20 May 2014	
P. D. Milliken		Resigned 28 February 2014
D. B. Moss		

### **EMPLOYEE INVOLVEMENT**

The Company has a comprehensive policy concerning information provision and consultation with employees. Its objective is to meet their needs for information and involvement in issues affecting them, and to contribute to the management of change in the organisation.

The primary responsibility for information and consultation rests with management. It is supplemented by representative bodies at some employment locations. In addition, there is a well-established system by which the senior management in the Company makes presentations to employees on business results and plans. This in turn is supplemented by in-house journals, briefing papers, management letters and video presentations.

All the formal employee representative bodies held regular meetings throughout the year. Employees have been advised of the right to apply for share options in Royal Dutch Shell plc under the "Shell Sharesave" savings-related share option scheme.

**SHELL U.K. OIL PRODUCTS LIMITED**  
**DIRECTORS' REPORT (continued)**

**EQUAL OPPORTUNITIES**

Shell U.K. Oil products Limited aims to have leading equal opportunities policies and practices. The Company has a published equal opportunities policy and a detailed code of practice in support of this. Progress is regularly monitored. The Company policy continues to be the application of equal opportunity principles to the selection, training and career development of all applicants and employees, irrespective of gender, race, ethnic origin, marital status, religion or disability.

With respect to disabled people, the Company's medical officers provide appropriate advice to help the successful achievement of these objectives, particularly regarding physical facilities, which need to be made available at the workplace. Shell U.K. Oil products Limited is a founder member of the Employers' Forum on Disability, which promotes best practice among private sector employers. Shell U.K. Oil products Limited is also committed to providing continuing employment of employees who become disabled while working for the Company.

The Company offers a range of flexible working conditions to assist employees in balancing work and outside commitments. There are also schemes such as career breaks, six months paid maternity leave for women and a range of childcare support initiatives to support employees with families.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Directors are responsible for preparing the Directors' report, Strategic 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). 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 judgments 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; and
- Notify the Company's shareholders in writing with regards to the use of the FRS 101 disclosure exemptions used in the preparation of the statutory accounts.

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.

**SHELL U.K. OIL PRODUCTS LIMITED**

**DIRECTORS' REPORT (continued)**

**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.

By order of the Board



C. Bushay  
Authorised signatory for  
Shell Corporate Secretary Limited  
Company Secretary

7 September 2015

# INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF SHELL U.K. OIL PRODUCTS LIMITED

## Report on the financial statements

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### Our opinion

In our opinion, Shell U.K. Oil Products Company Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2014 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.

### What we have audited

Shell UK oil products Limited's financial statements, comprise:

- the Balance Sheet as at 31 December 2014;
- the Profit and Loss account for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

### Opinion on other matter prescribed by the Companies Act 2006

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In our opinion 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.

### Other matters on which we are required to report by exception

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#### Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or

- 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.

We have no exceptions to report arising from this responsibility.

### Directors' remuneration

Under the Companies Act 2006 we are required to report if, in our opinion, certain disclosures of Directors' remuneration specified by law have not been made. We have no exceptions to report arising from this responsibility.

## Responsibilities for the financial statements and the audit

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### Our responsibilities and those of the Directors

As explained more fully in the Directors' Responsibilities Statement 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 ("ISAs UK & 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.

### What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF SHELL U.K. OIL PRODUCTS LIMITED (continued)**

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Directors' Report and Accounts 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.



Lorraine Quinn (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Glasgow

10 September 2015



**SHELL U.K. OIL PRODUCTS LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**For the year ended 31 December 2014**

	<b>Note</b>	<b>2014 £'000</b>	<b>2013 £'000</b>
<b>Continuing operations</b>			
<b>Turnover</b>	3	29,629	30,016
Cost of sales	4	(30,572)	(30,903)
		<hr/>	<hr/>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	4	(943)	(887)
Tax on loss on ordinary activities	5	(675)	(1,382)
		<hr/>	<hr/>
<b>LOSS FOR THE FINANCIAL YEAR</b>		<hr/> <b>(1,618)</b> <hr/>	<hr/> <b>(2,269)</b> <hr/>

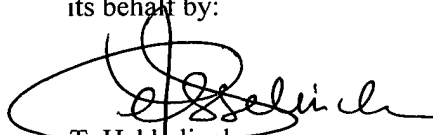
There is no material difference between the loss on ordinary activities before taxation and the loss for the year stated above and their historical cost equivalents.

The loss for the current year and loss for the prior year are equal to the total comprehensive income and accordingly a statement of comprehensive income has not been presented.

**SHELL U.K. OIL PRODUCTS LIMITED**  
**REGISTERED IN ENGLAND AND WALES: 03625633**  
**BALANCE SHEET**  
**As at 31 December 2014**

	<b>Note</b>	<b>2014 £'000</b>	<b>2013 £'000</b>
<b>CURRENT ASSETS</b>			
Debtors	6	8,327	9,517
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	7	(732)	(1,446)
<b>NET CURRENT ASSETS</b>		<u>7,595</u>	<u>8,071</u>
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	8	(321)	-
<b>NET ASSETS</b>		<u>7,274</u>	<u>8,071</u>
<b>EQUITY</b>			
Called up share capital	9	5,000	5,000
Profit and loss account		<u>2,274</u>	<u>3,071</u>
<b>TOTAL EQUITY</b>		<u>7,274</u>	<u>8,071</u>

The accounts on pages 7 to 21 were approved by the Board of Directors on 7 September 2015 and were signed on its behalf by:

  
T. Hebbelinck  
Director

**SHELL U.K. OIL PRODUCTS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 31 December 2014**

	<b>Called up- Share capital £'000</b>	<b>Retained earnings £'000</b>	<b>Total £'000</b>
<b>Balance as at 1 January 2013</b>	<b>5,000</b>	<b>4,252</b>	<b>9,252</b>
Loss for the year	-	(2,269)	(2,269)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(2,269)</b>	<b>(2,269)</b>
Share based payments – notional	-	1,088	1,088
<b>Balance as at 31 December 2013</b>	<b>5,000</b>	<b>3,071</b>	<b>8,071</b>
<b>Balance as at 1 January 2014</b>	<b>5,000</b>	<b>3,071</b>	<b>8,071</b>
Loss for the year	-	(1,618)	(1,618)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(1,618)</b>	<b>(1,618)</b>
Share based payments – notional	-	821	821
<b>Balance as at 31 December 2014</b>	<b>5,000</b>	<b>2,274</b>	<b>7,274</b>

**SHELL U.K. OIL PRODUCTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2014**

**General company information**

The Company is a limited company, which is incorporated in England and Wales. The registered office is Shell Centre York Road, SE1 7NA, United Kingdom (UK).

**1. Summary of significant accounting policies**

**a) Basis of preparation**

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ("FRS 101"), 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.

As applied to the Company, there are no material differences between EU endorsed IFRS and IFRS as issued by the International Accounting Standards Board.

This represents the Company's first application of IFRS and the accounting policies are set out in note 1(a)-1(i).

IFRS 1 'First-time Adoption of International Financial Reporting Standards' requires an entity to develop accounting policies based on the standards and related interpretations effective at the reporting date of its first annual IFRS financial statements, being 31 December 2014. IFRS 1 also requires that those policies be applied as of the transition date to IFRS (1 January 2013) and throughout all the periods presented in the first IFRS financial statements. In regards to recognition and measurement, there are no material differences between IFRS financial statements and those prepared under FRS 101.

The financial statements of the Company for 2013 were prepared in accordance with UK Generally Accepted Accounting Principles ("UK GAAP"); accounting policies were set out in Note 1(a) to 1(i) to those financial statements. UK GAAP differs in certain respects to FRS 101 and comparative information for 2013 has been restated as necessary in accordance with FRS 101. The effect of the transition from UK GAAP to FRS 101 is immaterial and no reconciliations of Equity and Total Comprehensive Income have been disclosed.

As part of the Company's adoption of FRS 101, no elections have been made under IFRS 1.

The policies set out in note 1(a)-1(i) have been consistently applied to all periods presented.

The Company is presumed to be carrying on business on a going concern basis.

**1. Summary of significant accounting policies (continued)**

**a) Basis of preparation (continued)**

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 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'
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of paragraph 79(a)(iv) of IAS 1 'Presentation of financial statements'
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d) (statement of cash flows);
  - 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);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cashflow statements);
  - 38B-D (additional comparative information);
  - 40A-D (requirements for a third balance sheet);
  - 111 (cash flow statement information); and
  - 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows'
- Paragraph 17 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.

**b) Consolidation**

The immediate parent Company is Shell Holdings (U.K.) Limited .

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

The consolidated accounts of Royal Dutch Shell plc are available from:

Royal Dutch Shell plc  
Tel: +31 888 800 844  
email: [order@shell.com](mailto:order@shell.com)

**SHELL U.K. OIL PRODUCTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2014**

**1. Summary of significant accounting policies (continued)**

**c) Taxation**

**(i) Corporation 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 the 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.

**d) Financial assets**

**(i) Classification**

The company classifies its financial assets as loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The company's loans and receivables comprise of trade, inter-company and other loan and receivables, and cash.

**(ii) Recognition and measurement**

Loans and trade and other receivables are subsequently carried at amortised cost using the effective interest method, less any provision for impairment.

**e) Financial liabilities**

**(i) Classification**

The company classifies its financial liabilities at amortised cost

**(ii) Recognition and measurement**

Financial liabilities are initially recognised at fair value, and then subsequently at amortised cost using effective interest rate method

**f) Creditors**

Creditors are obligations to pay for services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**g) Turnover**

Turnover comprises management fees receivable, net of value added tax, and the recovery of salaries paid to employees of the Company during the period. Turnover is recognised in the period to which management fees and payroll costs relate.

**h) Employee benefits**

The Company is a member of the Shell Contributory Pension Fund, a Group plan which covers the majority of its employees and is a funded defined benefits scheme.

Under the terms of the scheme, there is no defined policy for allocating the net defined benefit obligation amongst the participating members. Accordingly, the plan is accounted for as a defined contribution plan.

**1. Summary of significant accounting policies (continued)**

**i) Netting-off policy**

Balances with other companies of the Shell Group are stated gross, unless both 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.

**j) Related party disclosures**

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

**k) Share Based payments**

The fair value of share-based compensation for performance share plans is estimated using a Monte Carlo pricing model.

For the equity settled performance share plans, the fair value is recognised in the profit and loss account from the date of grant over the vesting period, with a corresponding increase recognised directly in equity. At each subsequent balance sheet date, the Company revises its estimate of the number of awards that are expected to vest and recognises the impact of the revision to original estimates, if any, in the profit and loss account, with a corresponding adjustment to equity.

For schemes from the 2013 grant, employee taxes will be settled by the Company in cash at the date of vest, requiring these schemes to be bifurcated between equity settled and cash settled portions. For the cash settled portion, fair value is recognised in the profit and loss account evenly over the vesting period, with a corresponding change in liabilities. At each subsequent balance sheet date, the fair value of the cash settled portion is adjusted for changes in market performance conditions, share price, foreign exchange rates and the number of awards that are expected to vest, with the adjustment being recognised in the profit and loss account and a corresponding adjustment to the liability.

The market value of vested schemes is subsequently invoiced to employing entities in the year of delivery. This is treated as a distribution and is deducted from equity

**l) Employer's NICs on employee share schemes**

Employer's NICs are provided for on employee share plans where it is expected that performance share plans will vest. The amounts provided are spread over the relevant performance period for each employee share scheme and are adjusted annually for changes in market value and the latest enacted National Insurance rate.

**SHELL U.K. OIL PRODUCTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2014**

**2. Critical accounting estimates and judgements**

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.

**(a) Group defined benefit pension scheme**

Certain employees participate in a group defined benefit pension scheme with other companies in the region. Under the terms of the scheme, there is no policy for allocating the net defined benefit obligation amongst the participating members.

The scheme is therefore accounted for as a defined contribution scheme, see note 11 for further details.

**3. Turnover**

The United Kingdom is the sole source of turnover and operating profits and is the location of the net assets of the company. All turnover relates to the provision of management services to the downstream oil business.

**4. Loss on ordinary activities before taxation**

Loss on ordinary activities before taxation is stated after charging the following:

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Staff costs:		
Wages and salaries	21,501	21,793
Social security costs	2,173	2,285
Other pension costs (refer to Note 11)	4,683	5,327
Share based payments (refer to Note 12)	1,143	1,088
Severance cost*	1,072	410
	<hr/>	<hr/>
Cost of sales	30,572	30,903
	<hr/>	<hr/>



**SHELL U.K. OIL PRODUCTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**For the year ended 31 December 2014**

**4. Loss on ordinary activities before taxation (continued)**

	<b>2014</b>	<b>2013</b>
The average number of persons employed by the Company including directors in 2014 was as follows:		
Oil, manufacturing, supply and marketing**	<u>325</u>	<u>369</u>

The Auditors' remuneration of £3,480 (2013: £3,670) in respect of the statutory audit was borne by a group company for both the current and preceding years.

\*Severance cost was paid by a fellow group company Shell U.K. Limited on behalf of the Company as per the Management Services and Agency Agreement; hence the provision of £1,072,000 (2013: £410,000) is disclosed in the books of Shell U.K. Limited.

\*\* The average number of persons employed is reduced from 369 to 325 in 2014 mainly due to the cessation of packaged lubricants production and bulk oil blending.

Payroll costs associated with overseas employees are charged directly to Shell UK Limited and are not included in Shell U.K. Oil Products Limited's profit and loss account.

**SHELL U.K. OIL PRODUCTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2014**

**5. Tax on loss on ordinary activities**

**(a) Tax charge included in loss**

The charge for the year of £675,000 (2013: £1,382,000) is made up as follows:

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Current tax:		
UK corporation tax charge on results for the period	675	56
Adjustments in respect of prior years	-	1,326
Total current tax and total tax charge	<u>675</u>	<u>1,382</u>

**(b) Reconciliation of total tax charge**

The tax assessed for the year differs from the standard effective rate of corporation tax in the UK of 21.5% (2013: 23.25%). The differences are explained below:

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Loss on ordinary activities before tax	(943)	(887)
Tax on loss on ordinary activities at standard UK corporation tax rate of 21.5% (2013: 23.25%)	(203)	(206)
Effects of:		
Expenses not deductible	869	253
Tax on imputed interest	9	9
Adjustments in respect of prior years	-	1,326
Total tax on loss on ordinary activities	<u>675</u>	<u>1,382</u>

The average main rate of UK Corporation tax for the year to 31 December 2014 was 21.5% for current tax in the year to 31 December 2014 (2013: 23.25%).

**(c) Factors affecting current and future tax charges**

Changes to the UK corporation tax rate were introduced by UK Finance Act 2012, including a reduction to the UK main corporation tax rate from 24% effective as from 1 April 2012 and a further tax rate reduction to 23% effective as from 1 April 2013. Further changes reducing 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.

**SHELL U.K. OIL PRODUCTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2014**

**6. Debtors**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Amounts owed by Group undertakings:		
Fellow subsidiary undertakings	8,327	9,517

Amounts owed by Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

**7. Creditors: amounts falling due within one year**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Corporation tax payable	732	1,446

**8. Creditors: amounts falling due more than year**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Other creditors	321	-

**9. Called up share capital**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Authorised		
20,000,000 (2013: 20,000,000) ordinary shares of £1 each	20,000	20,000
Allotted and fully paid		
5,000,000 (2013: 5,000,000) ordinary shares of £1 each	5,000	5,000

**SHELL U.K. OIL PRODUCTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2014**

**10. Directors**

Directors' emoluments were as follows:

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Aggregate emoluments	487	702

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

	<b>2014</b>	<b>2013</b>
	<b>Number</b>	<b>Number</b>
In respect of money purchase schemes	-	1
In respect of defined benefit schemes	2	3

Share options were exercised by 2 Director (2013: 1) during the year.

Shares were receivable by 2 Directors (2013: 5) during the year under long-term incentive schemes.

**Highest paid Director**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Total amount of emoluments and amounts (excluding shares) receivable under long term incentive schemes	249	265
Defined benefit pension scheme:		
Accrued pension at end of year	24	110

The highest paid Director exercised no share option during the year. The highest paid Director received shares in respect of a long-term incentive scheme in respect of services rendered to the Company.

Of these emoluments and pensions £457,045 in 2014 (2013: £374,494) were borne by the Company and charged to the profit and loss account.

**11. 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 postretirement benefit entitlements to eligible United Kingdom employees. 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 Aon Hewitt Limited, the SCPF's actuary. On 1 March 2013, the SCPF was closed to new entrants. At the same time, the Shell Group established the UK Shell Pension Plan ("UKSPP"), a defined contribution scheme, to provide benefits to new employees.

Aon Hewitt Limited carried out the triennial actuarial valuation of the SCPF as at 31 December 2014 using the projected unit method. The value of the SCPF's assets taken into account for the funding valuation at that date was £14,743 million and the value of the liabilities was £14,127 million. The principal financial assumptions adopted in the valuation were: a discount rate determined with reference to the UK Government Fixed Interest yield curve plus 1.25%; a price inflation rate being the difference between the UK Government Fixed Interest yield and the UK Government Index-Linked yield curves; and a rate of general salary increases at the price inflation curve plus 0.5% per annum. The funding surplus (excess of assets compared to the value of pension liabilities) was £616 million. This corresponded to a funding ratio (assets as a percentage of liabilities) of 104%.

## **SHELL U.K. OIL PRODUCTS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

**For the year ended 31 December 2014**

#### **11. Pension schemes (continued)**

The plan assets of the scheme are invested mainly in quoted equities (34.8 %) and debt instruments (46.0 %), with the remainder (19.2 %) invested across a variety of asset classes including real estate, private equity and other investment funds.

The Company is unable to identify its share of the scheme's underlying assets and liabilities on a consistent and reasonable basis to enable it to account for the plan as a defined benefit plan. There are no contractual or stated policies on which to base an allocation of the Fund's underlying assets and liabilities to member companies. Accordingly, the Company will continue to account for the SCPF as a defined contribution scheme.

The company's contribution to the SCPF for the year amounted £4,460,000 for the year for contributions to the SCPF (2013: £5,262,000). As a result of changes enacted to the funding of the SCPF during 2014, from 2014 member company contributions have not been paid directly but instead have been held in a Contribution Reserve Account ("CRA") to which the SCPF Trustee will have access under certain circumstances. Contributions to the CRA are to remain at 31% of members' pensionable salaries until 1 July 2015 when the contributions will reduce to 20%. Contributions are expected to remain at 20% until the next triennial valuation (due as at 31 December 2017) unless certain surplus limits are reached prior to that time, or if the funding ratio deteriorates sufficiently in each case a new contribution schedule may be agreed with the SCPF Trustee.

The cost of contributions to the UKSPP for the year amounts to £223,000 (2013: £65,000).

#### **12. Share based payments**

There are a number of share-based compensation plans for employees of the Shell Group. Following the unification transaction in 2005 (the "Unification") pursuant to which Royal Dutch Shell plc became the single parent company of Royal Dutch Petroleum Company (N.V. Koninklijke Nederlandsche Petroleum Maatschappij) and The Shell Transport and Trading Company plc, the underlying shares for all the continuing plans which were previously Royal Dutch or Shell Transport are now shares of Royal Dutch Shell plc, and awards and rights under plans in existence at the time of the Unification have been converted into awards and rights over Royal Dutch Shell plc shares; all information in the remainder of this note related to the period prior to the Unification has also been converted.

Information on the principal plans is given below.

##### **Share option plans (closed)**

Shell offered eligible employees options over shares of Royal Dutch Shell plc, at a price not less than the fair market value of the shares at the date the options were granted. The options were mainly exercisable three years from grant date. The options lapse ten years after grant or, if earlier, on resignation from Shell employment (subject to certain exceptions). Since 2005 no further grants have been made under these plans.

The weighted average market price for exercises in 2014 was £22.06 (2013: £22.56) for Royal Dutch Shell plc Class A shares, £23.85 (2013: £22.39) for Royal Dutch plc Shell Class B shares

The weighted average market price for exercises in 2014 was \$36.33 (2013: \$34.46) for Royal Dutch Shell plc Class A shares, \$38.53 (2013: \$35.23) for Royal Dutch plc Shell Class B shares

There were no share options outstanding as at 31 December 2014.

**SHELL U.K. OIL PRODUCTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**For the year ended 31 December 2014**

**12. Share based payments (continued)**

**Performance share plan**

Conditional awards of Royal Dutch Shell plc shares are made under an amended long-term incentive plan (the 'Performance Share Plan') when making awards to employees who are not Executive Directors. The actual amount of shares that may vest, ranging from 0-200% of the conditional awards, depends on the measurement of the prescribed performance conditions over a three-year period beginning on 1 January of the award year. For the awards made in 2009, the extent to which the awards vest will be determined by two performance conditions. Half the award was linked to the Total Shareholder Return (TSR) outcome over the performance measurement period. This is a measure of Shell's performance compared to four of its main competitors. The other half of the award was linked to the Shell scorecard results.

For the awards made in 2010 onwards, the extent to which the awards vest will be determined by several performance conditions. Half the award is linked to the relative TSR measure combined with a review of the earnings per share, cash flow from operations and hydrocarbon production over the measurement period. The other half of the award is linked to the Shell scorecard results.

The weighted average market price for exercises in 2014 was £15.84 (2013: £16.88) for Royal Dutch Shell plc Class A shares, £13.94 (2013: £15.11) for Royal Dutch plc Shell Class B shares, and £43.50 (2013: £43.94) for Royal Dutch Shell plc Class A ADRs.

For the performance shares which were outstanding as at 31 December 2014, the weighted average exercise price is \$nil (2013:\$nil) and the weighted average remaining contractual life is 1.01 years (2013: 1.07 years).

**Profit and loss charge**

The profit and loss charge for 2014 is £1,143,000 (2013: £1,088,000).