

Registration number: 5574647

Shell Trinidad 5(A) Limited

Annual Report

and

Financial Statements

For the year ended 31 December 2019

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Shell Trinidad 5(A) Limited

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Shell Trinidad 5(A) Limited

Strategic report for the year ended 31 December 2019

The Directors present their Strategic report on Shell Trinidad 5(A) Limited (also referred to as the "Company") for the year ended 31 December 2019.

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

Business review

Shell Trinidad 5(A) Limited was incorporated on 26 September 2005 for the exploration and production of hydrocarbons in Trinidad and Tobago. The Company is a wholly owned subsidiary of BG International Limited. On 21 October 2016, the Company changed its name from BG Trinidad 5(A) Limited to Shell Trinidad 5(A) Limited.

The Company has a 50% working interest in Block 5(A) properties that are located offshore Trinidad in the East Coast Marine Area (ECMA) relating to Trinidad oil and gas operations. Operations within Block 5(A), which contains the Dolphin Deep field, 9.89% of the total Starfish field and the exploration wells Dorado and Turtle, are governed by a signed Production Sharing Contract (PSC) with the Government of the Republic of Trinidad and Tobago and the Minister of Energy and Energy Affairs.

The Dolphin Deep field was developed as a subsea well programme with a tie-in to the existing Dolphin platform under a Joint Use Arrangement with the Dolphin field under the ECMA Combined Development Plan. The interest in the Dolphin field is held by the Company's fellow group undertaking, Shell Trinidad and Tobago Limited. Gas from the Dolphin Deep field, and associated condensate, are sold to the domestic and export markets. Production volumes from the Dolphin Deep field were 0.788 million barrels of oil equivalent (mmboe) in 2019 (2018: 0.50 mmboe).

Part of the Starfish field lies within Block 5(A). Its development was sanctioned in 2012, and comprises subsea wells tied back to the Dolphin Platform. The Starfish field achieved first production from one well in December 2014. Gas from the Starfish field, and associated condensate, are sold to the domestic and export markets. Production volumes from the Starfish field were 0.50 million barrels of oil equivalent (mmboe) in 2019 (2018: 0.28 mmboe).

Shell Trinidad 5(A) Limited

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

The company incurred a gross loss during 2019 of \$6,268,000 due to depreciation on fixed assets and additions to an onerous provision as compared to a gross profit in 2018 of \$39,000 (restated). The company's profit after tax was \$1,916,000 in 2019 as compared to a loss after tax in 2018 of \$27,017,000 (restated). This was primarily driven by a decrease in impairment of tangible assets by \$32,148,000 and tax credits (current and deferred).

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

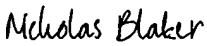
Principal risks and uncertainties

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

Key Performance Indicators

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

Approved by the Board on 10 December 2020 and signed on its behalf by:

DocuSigned by:

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N W H Blaker
Director

Shell Trinidad 5(A) Limited

Directors' report for the year ended 31 December 2019

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

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

Dividend

No dividends were paid during the year (2018: \$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 of the Company

The Directors, who held office during the year, and to the date of this report (except as noted) were as follows:

N W H Blaker

D I G Hudson

M J Ashworth

R W J Driessen (resigned 13 May 2020)

R J Henderson

E C Okpere (appointed 1 July 2019)

R A Adams (appointed 3 January 2020)

Financial risk management

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

Shell Trinidad 5(A) Limited

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

Events after the end of the reporting period

After the balance sheet date, we have seen macro-economic uncertainty with regards to prices and demand for oil, gas and products as a result of the COVID-19 (coronavirus) outbreak. Furthermore, recent global developments and uncertainty in oil supply in 2020 have caused further abnormally large volatility in commodity markets. The scale and duration of these developments remain uncertain but could impact our earnings, cash flow and financial condition. The RDS plc group actively assesses the situation across the globe to ensure business continuity plans are put in place to sustain operations and supply chains with a focus on safe working environments and safe conditions for employees and contractors. These developments are not expected to materially impact the recoverability of receivables from other group companies.

Statement of Directors' responsibilities

The Directors acknowledge their responsibilities for preparing the Strategic report, Directors' report and the Company's financial statements in accordance with applicable laws and regulations.

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

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

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

Shell Trinidad 5(A) Limited

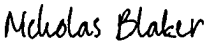
Directors' report for the year ended 31 December 2019 (continued)

Statement of Directors' responsibilities (continued)

Disclosure of information to the auditor

Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Approved by the Board on 10 December 2020 and signed on its behalf by:

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N W H Blaker
Director

Independent Auditor's report to the Member of Shell Trinidad 5(A) Limited

Opinion

We have audited the financial statements of Shell Trinidad 5(A) Limited (the "Company") for the year ended 31 December 2019, which comprise the Profit and loss account, Balance sheet, Statement of changes in equity, and the related notes 1 to 16, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

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

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

Emphasis of matter

We draw attention to Note 16 of the financial statements, which describes the economic and social disruption the Company is facing as a result of COVID-19 which is impacting commodity prices. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

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

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

Independent Auditor's report to the Member of Shell Trinidad 5(A) Limited (continued)

Other information

The other information comprises the information included in the annual report set out on pages 1 to 5, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information.

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Independent Auditor's report to the Member of Shell Trinidad 5(A) Limited (continued)

Responsibilities of Directors

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, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the Company's member as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

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

Date: *16 December 2020*

Shell Trinidad 5(A) Limited

Profit and loss account for the year ended 31 December 2019

Continuing operations

		2019	Restated*
	Note	\$ 000	2018
			\$ 000
Turnover	4	9,619	12,972
Cost of sales		<u>(15,887)</u>	<u>(12,933)</u>
GROSS (LOSS)/PROFIT		(6,268)	39
Impairment of tangible assets	10	(134)	(32,282)
Other expense		<u>(6,456)</u>	<u>(4,722)</u>
OPERATING LOSS	5	<u>(12,858)</u>	<u>(36,965)</u>
LOSS BEFORE INTEREST AND TAXATION		(12,858)	(36,965)
Interest receivable and similar income	6	270	208
Interest payable and similar charges	7	<u>(2,630)</u>	<u>(1,578)</u>
LOSS BEFORE TAXATION		(15,218)	(38,335)
Tax on loss	9	<u>17,134</u>	<u>11,318</u>
PROFIT/(LOSS) FOR THE YEAR		<u><u>1,916</u></u>	<u><u>(27,017)</u></u>

* Refer to note 3 on prior period restatements.

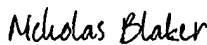
The profit for the current year and the loss for the prior year are equal to the total comprehensive income and accordingly a statement of comprehensive income has not been presented.

Shell Trinidad 5(A) Limited
(Registration number: 5574647)
Balance sheet as at 31 December 2019

		2019	Restated*
	Note	\$ 000	2018 \$ 000
Fixed assets			
Tangible assets	10	13,147	-
Deferred tax	9	20,835	12,000
		<u>33,982</u>	<u>12,000</u>
Current assets			
Debtors	11	314,258	326,373
Cash at bank and in hand		22	22
		314,280	326,395
Creditors: Amounts falling due within one year	12	(235,869)	(249,792)
Net current assets		<u>78,411</u>	<u>76,603</u>
Total assets less current liabilities		<u>112,393</u>	<u>88,603</u>
Provisions	13	(60,648)	(65,774)
Net assets		<u>51,745</u>	<u>22,829</u>
Equity			
Called up share capital	14	185,067	158,067
Profit and loss account		(133,322)	(135,238)
Total equity		<u>51,745</u>	<u>22,829</u>

* Refer to note 3 on prior period restatements.

The financial statements on pages 9 to 33 were authorised for issue by the Board of Directors on 10 December 2020 and signed on its behalf by:

DocuSigned by:

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 N W H Blaker
 Director

Shell Trinidad 5(A) Limited

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

	Called up share capital \$ 000	Restated * Profit and loss account \$ 000	Total \$ 000
Balance as at 01 January 2018 (as restated*)	158,067	(108,221)	49,846
Loss for the year (as restated*)	-	(27,017)	(27,017)
Total comprehensive income for the year (as restated*)	-	(27,017)	(27,017)
Balance as at 31 December 2018 (as restated*)	158,067	(135,238)	22,829
Balance as at 01 January 2019 (as restated*)	158,067	(135,238)	22,829
Profit for the year	-	1,916	1,916
Total comprehensive income for the year	-	1,916	1,916
Proceeds from shares issued	27,000	-	27,000
Balance as at 31 December 2019	185,067	(133,322)	51,745

* Refer to note 3 on prior period restatements.

Shell Trinidad 5(A) Limited

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

General information

The Company is a private company limited by share capital incorporated in England and Wales.

The address of its registered office is: Shell Centre, London, SE1 7NA, United Kingdom.

1 Accounting policies

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework, which involves the application of International Financial Reporting Standards ("IFRS") with a reduced level of disclosure. The financial statements have been prepared under the historical cost convention, except for certain items measured at fair value, and in accordance with the Companies Act 2006.

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

Going concern

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

New standards applied

New and amended standards and interpretations

The adoption of IFRS 16 and IFRIC 23 has had no material impact on the Company's retained earnings or balance sheet as at 1 January 2019.

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.

Shell Trinidad 5(A) Limited

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

1 Accounting policies (continued)

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

- IFRS 7, 'Financial Instruments: Disclosures';
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1 'Presentation of financial statements';
 - (ii) paragraph 73(e) of IAS 16 'Property, plant and equipment';
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - (i) 10(d) (statement of cash flows);
 - (ii) 10(f) (a balance sheet as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements);
 - (iii) 16 (statement of compliance with all IFRS);
 - (iv) 38A (requirement to present a minimum of two statements for each of the primary financial statements, including cash flow statements and related notes);
 - (v) 38B-D (additional comparative information);
 - (vi) 40A-D (requirements for a third balance sheet);
 - (vii) 111 (cash flow statement information); and
 - (viii) 134-136 (capital management disclosures)
- The following paragraphs of IFRS 15, 'Revenue from Contracts with Customers':
 - (i) the requirements of the second sentence of paragraph 110 (qualitative and quantitative information about contracts with customers, significant judgements, changes in judgements in applying this standard to those contracts, and assets recognised from the costs to obtain or fulfil a contract);
 - (ii) paragraph 113(a) (revenue recognised from contracts with customers);
 - (iii) paragraphs 114 and 115 (disaggregation of revenue);
 - (iv) paragraph 118 (changes in contract asset and liability);
 - (v) paragraphs 119(a) to (c) and 120 to 127 (performance obligations); and
 - (vi) paragraph 129 (practical expedients);
- IAS 7, 'Statement of cash flows';
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- Paragraph 17 and 18A of IAS 24, 'Related party disclosures' (key management compensation);
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more wholly owned members of a group.

Shell Trinidad 5(A) Limited

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

1 Accounting policies (continued)

Consolidation

The immediate parent company is BG International 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 financial statements of Royal Dutch Shell plc are available from:

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

Taxation

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

Current tax

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

Shell Trinidad 5(A) Limited

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

1 Accounting policies (continued)

Deferred tax

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

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

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

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

Amounts relating to deferred tax are undiscounted.

Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transaction and balances

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

Monetary assets and liabilities recorded in foreign currencies have been expressed in \$ at the rates of exchange ruling at the year end. Differences on translation are included in the profit and loss account. Non-monetary assets and liabilities denominated in a foreign currency are translated using exchange rates at the date of the transaction. No subsequent translations are made once this has occurred.

Shell Trinidad 5(A) Limited

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

1 Accounting policies (continued)

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost 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. If assets are determined to be impaired, the carrying amounts of those assets are written down to their recoverable amount, which is the higher of fair value less costs to sell and value in use. Value in use is determined as the amount of estimated risk-adjusted discounted future cash flows. For this purpose, assets are grouped into cash-generating units based on separately identifiable and largely independent cash inflows. Any impairments 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.

Depreciation and impairment are not normally charged on assets under construction or on freehold land. In the 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 charged so as to write off the cost of assets over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Development wells and facilities	Unit of production method

The cost of licences is carried forward either until a licence is relinquished or the associated costs written off, or until production of oil or gas starts, when the cost is depleted on a unit-of-production basis related to total proved reserves.

Platforms and infield pipelines are depleted from the date field production commences on a unit-of-production basis over the proved developed reserves of the field concerned. Successful exploration, appraisal, production and injection wells are depleted on a unit-of-production basis over the proved developed reserves of the field concerned.

Changes in estimates are accounted for prospectively over the remaining reserves of the field.

Shell Trinidad 5(A) Limited

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

1 Accounting policies (continued)

Decommissioning and restoration costs

The Company follows the requirements of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets". The total estimated cost of decommissioning and restoration, discounted to its net present value, is provided for and also recognised as a cost of each field, onshore terminal or main trunkline and capitalised within tangible fixed assets. The capitalised cost is amortised over the life of the field on a unit-of-production basis for offshore facilities and on a straight-line basis for onshore terminals and main trunklines. The unwinding of the discount in the net present value of the total expected cost is treated as an interest expense. Changes in estimates result in an equal and opposite movement in the provision and the associated asset. If a decrease in the provision exceeds the asset's carrying amount, the excess is recognised in the profit and loss account. Changes in estimates of assets are depreciated prospectively over the remaining reserves of the field or the remaining life of the onshore terminal or pipeline as appropriate.

Onerous provision

Provisions are recognised for contracts in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The present obligation under the contract is recognised as a provision. Before a separate provision for an onerous contract is established, the Company recognises any impairment loss that has occurred on assets dedicated to that contract.

Shell Trinidad 5(A) Limited

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

1 Accounting policies (continued)

Financial instruments

Financial assets

Financial assets are classified at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The classification of financial assets is determined by the contractual cash flows and where applicable the business model for managing the financial assets.

A financial asset is measured at amortised cost if the objective of the business model is to hold the financial asset in order to collect contractual cash flows and the contractual terms give rise to cash flows that are solely payments of principal and interest. Financial assets at amortised cost are initially recognised at fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently the financial asset is measured using the effective interest method less any impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. All equity instruments and other debt instruments are recognised at fair value. For equity instruments, on initial recognition, an irrevocable election (on an instrument-by-instrument basis) can be made to designate these as at FVOCI (without recycling to profit and loss) instead of FVTPL. Dividends received on equity instruments are recognised as other income in profit or loss when the right of payment has been established, except when the company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income.

Impairment of financial assets

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

Financial liabilities

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

Shell Trinidad 5(A) Limited

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

1 Accounting policies (continued)

Underlift and overlift of oil

Underlift and overlift of crude oil is valued at market prices. The resulting impact is recognised within cost of sales in the profit and loss account.

Turnover

Recognition

Turnover from contracts with customers is recognised over time, or at a point in time, when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

For contracts that contain separate performance obligations the transaction price is allocated to those separate performance obligations by reference to their relative standalone selling prices. Turnover is recognised as the performance obligations are fulfilled.

Turnover from sales of oil, natural gas, chemicals and other products is recognised at the price at which the Company is expected to be entitled to, after deducting sales taxes, excise duties and similar levies, and when the control of the products have been transferred, which is when the customer has the ability to direct the use of the products and obtain substantially all of the remaining benefits from the products. For turnover from refining operations, it is either when product is placed onboard a vessel or offloaded from the vessel, depending on the contractually agreed terms; and for sales of oil products and chemicals, it is either at the point of delivery or the point of receipt, depending on contractual conditions. Turnover from sales of oil and natural gas generally occurs when product is physically transferred into a vessel, pipe or other delivery mechanism. For turnover resulting from arrangements that do not meet the revenue from contract with customer criteria, turnover is classified as from other sources.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value at a rate intended to reflect the time value of money where the effect of time value of money is material.

Shell Trinidad 5(A) Limited

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

1 Accounting policies (continued)

Netting off policy

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

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

Joint arrangements

The Company's exploration, development and production activities are generally conducted in joint arrangements with other companies. The Company recognises its assets and liabilities relating to its interests in joint operations, including its share of assets held jointly and liabilities incurred jointly with other parties.

2 Critical accounting judgements and key sources of estimation uncertainty

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

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

Useful economic life of tangible fixed assets

Depreciation of tangible fixed assets is calculated using management's assessment of the useful economic lives of the underlying assets. Upon purchase or construction of an asset, useful economic life is assessed by reference to a number of underlying assumptions, including the economic lives of other similar assets. As the economic benefit of the assets is consumed over the course of its life, revisions to the useful life of the asset may be made upon assessment of changes in the operating environment or the condition of the asset itself.

Shell Trinidad 5(A) Limited

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

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

Estimation of proved oil and gas reserves

Unit-of-production depreciation, depletion and amortisation charges are principally measured based on management's estimates of proved developed oil and gas reserves. Also, exploration drilling costs are capitalised pending the results of further exploration or appraisal activity, which may take several years to complete and before any related proved reserves can be booked.

Proved reserves are estimated by reference to available geological and engineering data and only include volumes for which access to market is assured with reasonable certainty. Estimates of proved reserves are inherently imprecise, require the application of judgement and are subject to regular revision, either upward or downward, based on new information such as from the drilling of additional wells, observation of long-term reservoir performance under producing conditions and changes in economic factors, including product prices, contract terms or development plans.

Changes to estimates of proved developed reserves affect prospectively the amounts of depreciation, depletion and amortisation charged and, consequently, the carrying amounts of exploration and production assets. It is expected, however, that in the normal course of business the diversity of the asset portfolio will limit the effect of such revisions. The outcome of, or assessment of plans for, exploration or appraisal activity may result in the related capitalised exploration drilling costs being recognised in income in that period.

Shell Trinidad 5(A) Limited

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

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

Impairment of tangible fixed assets

For the purposes of determining whether impairment of tangible fixed assets has occurred, and the extent of any impairment or its reversal, the key assumptions management uses in estimating risk-adjusted future cash flows for value-in-use measures are future oil and gas prices, expected production volumes and refining margins where appropriate to the local circumstances and environment. These assumptions and the judgements of management that are based on them are subject to change as new information becomes available. Changes in economic conditions can also affect the rate used to discount future cash flow estimates.

Future price assumptions tend to be stable because management does not consider short-term increases or decreases in prices as being indicative of long-term levels, but they are nonetheless subject to change. Expected production volumes, which comprise proved reserves and unproved volumes, are used for impairment testing because management believes this to be the most appropriate indicator of expected future cash flows. As discussed in "Estimation of proved oil and gas reserves", reserves estimates are inherently imprecise. Furthermore, projections about unproved volumes are based on information that is necessarily less robust than that available for mature reservoirs. Due to the nature and geographical spread of the business activity in which those assets are used, it is typically not practicable to estimate the likelihood or extent of impairments under different sets of assumptions. The discount rate applied is reviewed annually.

Changes in assumptions could affect the carrying amounts of assets, and impairment charges and reversals will affect income.

Provision for expected credit losses of debtors

The Company computes probability of default rates for third party debtors based on historical loss experience adjusted for current and forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. For intra-group debtors, the Company uses an internal credit rating to determine the probability of default. Internal credit ratings are based on methodologies adopted by independent credit rating agencies.

Shell Trinidad 5(A) Limited

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

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

Decommissioning and restoration provisions

Provisions are recognised for the future decommissioning and restoration of hydrocarbon production facilities and pipelines at the end of their economic lives. The estimated cost is recognised in income over the life of the proved developed reserves on a unit-of-production basis or on a straight-line basis, as applicable. Changes in the estimates of costs to be incurred, proved developed reserves, or in the rate of production will therefore impact income, generally over the remaining economic life of the related assets.

Estimates of the amounts of provisions recognised are based on current legal and constructive requirements, technology and price levels. Because actual outflows can differ from estimates due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are regularly reviewed and adjusted to take account of such changes. The discount rate applied is reviewed annually.

Shell Trinidad 5(A) Limited

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

3 Prior period restatements

Management has restated the loss reported for the financial year 2018 and the opening reserves as at 1 January 2018 as an outcome of a detailed review of the Amounts owed by parent undertakings, Amounts owed to parent undertakings and the Amounts owed to fellow subsidiary undertakings. The balances that were determined not recoverable/payable were charged/credited to the opening reserves and to the Profit and loss account of 2018 as appropriate. The restatements were required mainly as a result of incorrect booking of revenue and related transactions which occurred in the period 2018 and prior. The consequential impact on the tax has also been adjusted. The table below provides an overview of the amounts restated in each of the financial statement captions.

	Amounts for the year ended 31 December 2018 (as previously reported)	Restatement for the year 2018	Restated amounts for the year ended 31 December 2018
	\$000	\$000	\$000
Profit and loss account			
Other income/(expense)	6,772	(11,494)	(4,722)
Tax on loss	11,373	(55)	11,318
	Balance as at 31 December 2018 (as previously reported)	Restatement as at 2018	Restated balance as at 31 December 2018
	\$000	\$000	\$000
Balance Sheet			
Debtors			
Amounts owed by parent undertakings	324,046	(20,456)	303,590
Tax receivable	3,326	(55)	3,271
Creditors: amounts falling due within one year			
Amounts owed to parent undertakings	(116,138)	(2,084)	(118,222)
Amounts owed to fellow subsidiary undertakings	(136,967)	7,871	(129,096)
Equity			
Profit and loss account balance	(120,514)	(14,724)	(135,238)

Shell Trinidad 5(A) Limited

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

3 Prior period restatements (continued)

	Balance as at 1 January 2018 (as previously reported) \$000	Restatement as at 1 January 2018 \$000	Restated balance as at 1 January 2018 \$000
Equity			
Profit and loss account balance	(105,046)	(3,175)	(108,221)

4 Turnover

The analysis of the Company's turnover for the year from continuing operations in Trinidad and Tobago is as follows:

	2019 \$ 000	2018 \$ 000
Sale of gas	9,619	12,972
	<u>9,619</u>	<u>12,972</u>

5 Operating loss

Arrived at after charging:

	2019 \$ 000	2018 \$ 000
Depreciation:		
On owned assets	4,066	-

The Company had no employees during 2019 (2018: none).

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

6 Interest receivable and similar income

	2019 \$ 000	2018 \$ 000
Interest from Group undertakings:		
Fellow subsidiary undertakings	65	178
Profit on currency translation	205	30
	<u>270</u>	<u>208</u>

Shell Trinidad 5(A) Limited

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

7 Interest payable and similar charges

	2019 \$ 000	2018 \$ 000
Unwinding of discount on long term provisions (note 13)	2,630	1,578
	<u>2,630</u>	<u>1,578</u>

8 Auditor's remuneration

The Auditor's remuneration of \$18,792 (2018: \$12,588) in respect of the statutory audit was borne by another group company for both the current and preceding years.

Fees paid to the Company's auditor and its associates for non-audit services to the Company itself are not disclosed in the individual financial statements of the Company because the Royal Dutch Shell plc consolidated financial statements are required to disclose such fees on a consolidated basis.

9 Tax on loss

Tax credit in the profit and loss account

The tax credit for the year of \$17,134,000 (2018: \$11,318,000) is made up as follows:

	2019 \$ 000	Restated* 2018 \$ 000
Current taxation		
UK corporation tax	(2,752)	682
UK corporation tax adjustment to prior periods	(5,547)	-
Total current tax (credit)/charge	<u>(8,299)</u>	<u>682</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	(15,253)	(16,495)
Arising from adjustment in respect of prior periods	6,418	-
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	-	4,495
Tax credit in the profit and loss account	<u>(17,134)</u>	<u>(11,318)</u>

Shell Trinidad 5(A) Limited

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

9 Tax on loss (continued)

Reconciliation of total tax credit

The tax on loss before tax for the year differs from the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%).

The differences are reconciled below:

	2019 \$ 000	Restated* 2018 \$ 000
Loss before tax	15,218	38,335
Tax on loss calculated at standard rate (2019: 19.00%) (2018: 19.00%)	(2,891)	(7,284)
Effects of:		
Expenses not deductible	(656)	4,782
Adjustments in respect of prior periods	(5,547)	3,283
Currency translation adjustments	(95)	155
Deferred tax credit from unrecognised temporary difference from a prior period	(8,834)	(12,000)
Other items	498	(742)
Tax on imputed interest	391	488
Total tax credit	<u>(17,134)</u>	<u>(11,318)</u>

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

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

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

Since this change was not substantively enacted before the end of 2019, the relevant deferred tax balances have been measured at 17%, the rate enacted by the Balance Sheet date.

Shell Trinidad 5(A) Limited

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

9 Tax on loss (continued)

Deferred tax assets

Deferred tax movement during the year:

	At 1 January 2019 \$ 000	Recognised in profit and loss \$ 000	At 31 December 2019 \$ 000
Tax losses carried forward	<u>12,000</u>	<u>8,835</u>	<u>20,835</u>

Deferred tax movement during the prior year:

	At 1 January 2018 \$ 000	Recognised in profit and loss \$ 000	At 31 December 2018 \$ 000
Tax losses carried forward	<u>-</u>	<u>12,000</u>	<u>12,000</u>

*Refer to note 3 on prior period restatements.

Deferred tax consists of the following deferred tax assets:

	2019 \$ 000	2018 \$ 000
Deferred tax assets due more than 12 months	<u>20,835</u>	<u>12,000</u>
Total deferred tax	<u>20,835</u>	<u>12,000</u>

Shell Trinidad 5(A) Limited

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

10 Tangible assets

	Oil and gas properties \$ 000
Cost or valuation	
Balance at 1 January 2019	309,803
Additions	<u>17,347</u>
Balance at 31 December 2019	<u>327,150</u>
Accumulated Depreciation	
Balance at 1 January 2019	(309,803)
Charge for the year	(4,066)
Charge for impairment	<u>(134)</u>
Balance at 31 December 2019	<u>(314,003)</u>
Net book amount	
Balance at 31 December 2019	<u><u>13,147</u></u>
Balance at 31 December 2018	<u><u>-</u></u>

At the end of 2019, driven by the impact of the fall in projected production volumes and resultant cash flows calculated on value in use basis using a pre-tax discount rate of 6%, the Company recognised an impairment of \$134,000 (2018: \$32,282,000) on its tangible assets.

Shell Trinidad 5(A) Limited

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

11 Debtors

Debtors: amounts due within one year

	2019	Restated*
	\$ 000	2018 \$ 000
Trade debtors	2,743	1,972
Amounts owed by Group undertakings:		
Parent undertakings	303,590	303,590
Fellow subsidiary undertakings	-	17,538
Other debtors	-	2
Tax receivable	7,925	3,271
	<u>314,258</u>	<u>326,373</u>

* Refer to note 3 on prior period restatements.

All amounts owed by Group undertakings are unsecured, interest free and repayable on demand.

Trade debtors include \$1,373,000 (2018: \$nil) which represents revenue share of other parties to Production Sharing Contract under the pooling of revenue model, wherein the entity acts as the representative of Block 5(A).

Shell Trinidad 5(A) Limited

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

12 Creditors: amounts falling due within one year

	2019	Restated*
	\$ 000	2018
		\$ 000
Trade creditors	5,212	2,474
Amounts owed to Group undertakings:		
Parent undertakings	88,215	118,222
Fellow subsidiary undertakings	142,442	129,096
	<u>235,869</u>	<u>249,792</u>

* Refer to note 3 on prior period restatements.

Amounts owed to Shell Treasury Centre Limited, a fellow subsidiary, bear interest rate ranging from 1.32% to 4.23%. All other amounts owed to Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Shell Trinidad 5(A) Limited

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

13 Provisions

	Onerous contracts \$ 000	Decommissioning provision \$ 000	Total \$ 000
Balance as at 1 January 2019	13,014	52,760	65,774
Change in estimates	-	5,779	5,779
Provisions used	(21,470)	-	(21,470)
Additions	7,935	-	7,935
Increase due to passage of time or unwinding of discount (note 7)	521	2,109	2,630
Balance as at 31 December 2019	-	60,648	60,648

In 2018, the company had created a provision for obligations to make shortfall payments under gas supply contracts entered into by the company, that are deemed to be onerous in nature. As at 31 December 2019, a separate onerous provision was not required following the impairment assessment of the assets associated to the contract (refer note 10).

The estimated cost of decommissioning at the end of the producing lives of fields is reviewed at least annually and engineering estimates and reports are updated periodically. Provision is made for the estimated cost of decommissioning at the balance sheet date, to the extent that current circumstances indicate that the Company will ultimately bear this cost. The payment dates of expected future decommissioning costs are uncertain and are based on economic assumptions surrounding the useful economic lives of the fields concerned. Useful economic lives are affected by the estimation of hydrocarbon reserves and resources, which is in turn impacted by available reservoir data, commodity prices and future costs. Payments are currently not anticipated until 2033.

Shell Trinidad 5(A) Limited

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

14 Called up share capital

Allotted, called up and fully paid shares

	No.	2019 \$ 000	No.	2018 \$ 000
Ordinary shares of £1 each	<u>113,049,657</u>	<u>185,067</u>	<u>92,073,357</u>	<u>158,067</u>

New shares allotted

During the year 20,976,300 Ordinary shares having a nominal value of £1 were allotted for an aggregate consideration of \$27,000,000.

15 Related party transactions

The details of related party transactions happened during the year and the year end balance outstanding are as follows:

Related party name	Payable balance as at		Sales during the year	
	2019 \$ 000	2018 \$ 000	2019 \$ 000	2018 \$ 000
Atlantic LNG 2/3 Company of Trinidad and Tobago Unlimited	(4,230)	(2,682)	1,544	2,681

The transactions with Atlantic LNG 2/3 Company of Trinidad and Tobago Unlimited are settled through BG International Limited, the parent undertaking.

16 Events after the end of the reporting period

After the balance sheet date, we have seen macro-economic uncertainty with regards to prices and demand for oil, gas and products as a result of the COVID-19 (coronavirus) outbreak. Furthermore, recent global developments and uncertainty in oil supply in 2020 have caused further abnormally large volatility in commodity markets. The scale and duration of these developments remain uncertain but could impact our earnings, cash flow and financial condition. The RDS plc group actively assesses the situation across the globe to ensure business continuity plans are put in place to sustain operations and supply chains with a focus on safe working environments and safe conditions for employees and contractors. These developments are not expected to materially impact the recoverability of receivables from other group companies.