

THE SHELL TRANSPORT AND TRADING COMPANY LIMITED

DIRECTORS' REPORT

AND ACCOUNTS

2008

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THE SHELL TRANSPORT AND TRADING COMPANY LIMITED

DIRECTORS' REPORT (Continued)

The Directors submit their annual report and audited accounts for the year ended 31 December 2008.

The annual report and audited accounts of the Company have been prepared in accordance with the Companies Act 2006 and those provisions of the Companies Act 1985 which, by virtue of transitional provisions, continue to apply (as amended by the Companies Act 2006) to the Company as the Company's financial year commenced before 6 April 2008.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the Company is its investment in The Shell Petroleum Company Limited ("SPCO"), a wholly owned subsidiary undertaking. SPCO holds, directly and indirectly, a number of investments in companies of the Shell Group which are present in more than 100 countries and territories around the world. These companies are engaged in the upstream businesses of Exploration & Production and Gas & Power; the downstream businesses of Oil Products and Chemicals; and has interests in alternative energy sources including Renewables and Hydrogen. The Company also holds a beneficial interest in one oil and gas field in the North Sea and as a result its activities directly include exploration and production of crude oil and natural gas.

The Company's profit for the financial year was generated principally by dividends received from the Company's subsidiary undertaking and increased from \$8,167.6 million to \$9,198.8 million due to increased dividend income. Profit before tax from the exploration and production segment was \$479.0 million in 2008 (2007: \$560.1 million).

Interim dividends of \$10,134.8 million were paid in the year (2007: \$8,018.1 million). The Directors recommend that no further dividends be paid for the year ended 31 December 2008.

Future outlook

The Company intends to maintain its oil and gas field interest and the related exploration and production activities for the foreseeable future. No significant change in the business of the Company or of its subsidiary undertakings has taken place during the year or is expected in the immediately foreseeable future.

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 14 to 16 of Royal Dutch Shell's Annual Report and Form 20-F for the year ended 31 December 2008 (the "Group Report") include those of the Company. (The Group Report does not form part of this report).

Key performance indicators

The Shell Group of companies consists of the upstream businesses of Exploration & Production and Gas & Power and the downstream businesses of Oil & Chemicals. The Shell Group also has interests in alternative energy sources including Renewables & Hydrogen. For this reason, the Company's Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance and position of the business of the Company. The development, performance and position of the various businesses is discussed at pages 19 to 55 of the Group Report and the key performance indicators through which the Group's performance is measured are as set out on pages 56 to 57 of the Group Report. (The Group Report does not form part of this report).

THE SHELL TRANSPORT AND TRADING COMPANY LIMITED

DIRECTORS' REPORT (Continued)

Research and development

The Company has available the services of Shell Research Limited, a subsidiary undertaking of the Company, and other research companies of the Shell Group to carry out research and development where it is applicable in their businesses. The Directors regard the investment in research and development as integral to the continuing success of the business.

DIRECTORS

The Directors of the Company, who served throughout the year and to the date of this report were:

G.P.J.A. Janssens	Resigned 30 November 2008
A.W. Longden	
A.D. McLean	
T.D.R. Morrison	Resigned 31 July 2008
J.M. Smith	
G.S. Talbot	Appointed 09 December 2008
P.R. Voser	Resigned 10 November 2008
R. D. Waight	Appointed 08 September 2008
R.M. Wiseman	

FINANCIAL RISK MANAGEMENT

The Company's Directors have adopted a Treasury Policy, which is consistent with the requirements of the Shell Group risk management policies, which include specific guidelines on the management of foreign exchange and interest rate risks and advises on the use of financial instruments to manage them. Shell Group risk management policies can be found in the financial statements of Royal Dutch Shell plc (see Note 1b of these financial statements). The exposure of the Company to foreign exchange and interest rate risk is set out in Note 21 of the financial statements.

POST BALANCE SHEET EVENTS

Refer to Note 20 "Post balance sheet events."

CREDITOR PAYMENT POLICY

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

- agree payment terms at the outset of a deal and stick to them;
- explain its payment procedures to suppliers;
- pay bills in accordance with any contract agreed with the supplier or as required by law; and
- tell suppliers without delay when an invoice is contested and settle disputes quickly.

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

The Company had 47 days of purchases outstanding at 31 December 2008 (2007: one day) based on the average daily amount invoiced by suppliers during the year.

QUALIFYING THIRD PARTY INDEMNITIES

Royal Dutch Shell plc has entered into a deed of indemnity with Mr. Voser. The terms of this deed reflect the statutory provisions on indemnities introduced by the Companies (Audit, Investigations and Community Enterprise) Act 2004. Under the terms of this deed, Royal Dutch Shell plc has indemnified the Director, to the widest extent permitted by the applicable laws of England and Wales, against any and all liability, howsoever caused (including by that Director's own negligence), suffered or incurred by that Director in the course of that Director acting as a Director or employee of Royal Dutch Shell plc, any Group member, including the Company, and/or certain other entities.

THE SHELL TRANSPORT AND TRADING COMPANY LIMITED

DIRECTORS' REPORT (Continued)

FIXED ASSETS

Details of movements in fixed assets during the year are given in Notes 7 and 8 to the accounts.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Companies Act 1985 provisions which continue to apply to the Company's annual report and accounts for this financial year, require the Directors to prepare accounts for each financial year, which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those accounts, the Directors are required to:

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

The Directors confirm that they have complied with the above requirements in preparing the accounts.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the accounts comply with the Companies Act 1985 provisions which, as mentioned above, continue to apply to the Company's annual report and accounts for this financial year. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

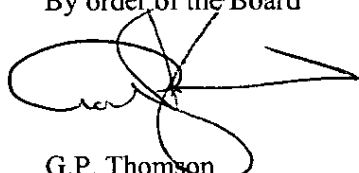
DISCLOSURE OF INFORMATION TO AUDITORS

All Directors in office at the date of approval of the accounts 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 has taken all steps that ought to have been taken to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

INDEPENDENT AUDITORS

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

By order of the Board



G.P. Thomson
Authorised Signatory for
Shell Corporate Secretary Limited
Company Secretary
29 September 2009

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE SHELL TRANSPORT AND TRADING COMPANY LIMITED

We have audited the financial statements of The Shell Transport and Trading Company for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report, the unaudited Supplementary Information and all of the other information listed on the contents page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

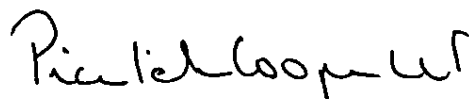
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors

London
29 September 2009

THE SHELL TRANSPORT AND TRADING COMPANY LIMITED**PROFIT AND LOSS ACCOUNT**

For the year ended 31 December 2008

	Note	2008 \$ million	2007 \$ million
Continuing operations			
TURNOVER	2	533.1	662.6
Cost of sales		(54.1)	(102.5)
		<hr/>	<hr/>
GROSS PROFIT		479.0	560.1
Administrative expenses		(424.8)	(472.7)
		<hr/>	<hr/>
OPERATING PROFIT/(LOSS)		54.2	87.4
Income from shares in subsidiary undertakings		9,173.0	8,178.0
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		9,227.2	8,265.4
Other interest receivable and similar income	3	93.7	215.1
Interest payable and similar charges	4	(52.0)	(4.6)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX	5	9,268.9	8,475.9
Tax on profit on ordinary activities	6	(70.1)	(308.3)
		<hr/>	<hr/>
PROFIT FOR THE YEAR		<u>9,198.8</u>	<u>8,167.6</u>

The reported profit on ordinary activities and the amount retained for the year are presented on a historical cost basis.

THE SHELL TRANSPORT AND TRADING COMPANY LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 31 December 2008

	2008	2007
	\$ million	\$ million
PROFIT FOR THE YEAR	9,198.8	8,167.6
Total gains and losses for the year before currency adjustments	9,198.8	8,167.6
Currency translation differences on foreign currency net investments	107.5	0.3
Total recognised gains and losses for the year	<u>9,306.3</u>	<u>8,167.9</u>

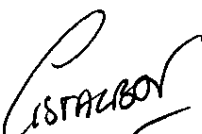
THE SHELL TRANSPORT AND TRADING COMPANY LIMITED

BALANCE SHEET

As at 31 December 2008

	Note	2008 \$ million	2007 \$ million
FIXED ASSETS			
Tangible assets	7	18.2	56.2
Investments	8	433.5	433.5
		<u>451.7</u>	<u>489.7</u>
CURRENT ASSETS			
Debtors	9	3,404.7	3,852.9
Cash at bank and in hand		-	339.8
		<u>3,404.7</u>	<u>4,192.7</u>
CREDITORS: amounts falling due within one year	10	(609.3)	(524.1)
		<u>2,795.4</u>	<u>3,668.6</u>
NET CURRENT ASSETS			
		<u>3,247.1</u>	<u>4,158.3</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
PROVISIONS FOR LIABILITIES			
Other provisions	13	(190.6)	(273.3)
		<u>3,056.5</u>	<u>3,885.0</u>
NET ASSETS			
CAPITAL AND RESERVES			
Called up share capital	14	4,331.3	4,331.3
Capital redemption reserve	16	153.4	153.4
Other reserve	16	(4,075.1)	(4,075.1)
Currency translation reserve	16	115.9	8.4
Profit and loss account	16	2,531.0	3,467.0
		<u>3,056.5</u>	<u>3,885.0</u>
EQUITY SHAREHOLDERS' FUNDS			
		<u>3,056.5</u>	<u>3,885.0</u>

The accounts on pages 5 to 25 were approved by the Board of Directors on 29 September 2009 and signed on its behalf by:


G.S. Talbot
Director

THE SHELL TRANSPORT AND TRADING COMPANY LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 2008

1. Accounting policies

a) Accounting convention and compliance with Accounting Standards

The accounts have been prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 1985 and applicable Accounting Standards in the UK and the accounting policies as described below.

The accounting policies have been consistently applied. There have been no changes in accounting policies in 2008.

The Company's accounts fall within the scope of the UK Oil Industry Accounting Committee's Statement of Recommended Practice ("SORP"), "Accounting for Oil and Gas Exploration, Development, Production and Decommissioning Activities" and have been prepared in accordance with the provisions thereof, except for the accounting policy in respect of depletion of platforms, infield pipelines, successful exploration, appraisal and injection wells.

b) Group accounts

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

The immediate parent company is Shell Petroleum N.V. (the "parent undertaking").

The ultimate parent company is Royal Dutch Shell plc, which is incorporated in the UK.

The accounts of the Company and its subsidiary undertakings are incorporated in the annual report and accounts of Royal Dutch Shell plc.

Copies of the annual report and accounts of Royal Dutch Shell plc are available from:

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

c) Fixed asset investments

These comprise investments in shares that the Directors intend to hold on a continuing basis in the Company's business. The investments are stated at cost less provisions for impairment. A review for the potential impairment of an investment is carried out by the Company if events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. Such impairment reviews are performed in accordance with Financial Reporting Standard ("FRS") 11. Impairments thus arising are recorded in the profit and loss account.

THE SHELL TRANSPORT AND TRADING COMPANY LIMITED

NOTES TO THE ACCOUNTS (Continued)

For the year ended 31 December 2008

1. Accounting policies (Continued)

d) Income from shares in Group undertakings and participating undertakings

Income from shares in Group undertakings and participating undertakings represents dividends, relating to the current year and prior periods, provided that the Company has approved the dividend.

e) Tax

The Company records a tax charge or credit in the profit and loss account calculated at the tax rate prevailing in the year for tax payable to HM Revenue and Customs, or for group relief to surrender to or to be received from other Group undertakings, and for which payment may be requested.

In the event that payment should be made at a rate different from the tax rate prevailing in the current year, adjustments would be taken up to reflect the rate differential.

f) Deferred tax

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

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

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on the sale has been recognised in the accounts. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

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

Amounts relating to deferred tax are undiscounted.

THE SHELL TRANSPORT AND TRADING COMPANY LIMITED

NOTES TO THE ACCOUNTS (Continued)

For the year ended 31 December 2008

1. Accounting policies (Continued)

g) Foreign currency translation

Assets and liabilities of the oil and gas field, which are denominated in Pounds Sterling, are translated to US Dollars at year-end rates of exchange. Income and expenditure of the oil and gas field, also denominated in Pounds Sterling, are translated at the average rate for the year. Translation differences thus arising are taken direct to a currency translation reserve, representing unrealised currency translation gains and losses. When translation differences are realised they are transferred from the reserve to the profit and loss account.

Monetary assets and liabilities recorded in foreign currencies have been expressed in US Dollars at the rates of exchange ruling at the year end. Differences on translation are included in the profit and loss account. Non-monetary assets and liabilities that have been measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined. No subsequent translations are made once this has occurred.

Income and expense items denominated in foreign currencies are translated at the rate ruling on the transaction date. Differences on translation are included in the profit for the year.

h) Depreciation, depletion and amortisation

Depreciation is not charged in respect of freehold land or assets under construction.

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. This is a departure from the SORP, which recommends that depletion should be over total proved reserves. The Directors consider this to provide the most appropriate basis for the calculation of depletion as the cost is spread across the proved developed reserves to which it relates.

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

Other exploration and production fixed assets are depreciated on a straight-line basis over their estimated useful lives, which generally range from 4 to 20 years.

A review for 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. For this purpose, assets are grouped based on separately identifiable and largely independent cash flows. Such impairment reviews are performed in accordance with FRS 11 "Impairment of fixed assets and goodwill." Impairments thus arising are recorded in the profit and loss account.

THE SHELL TRANSPORT AND TRADING COMPANY LIMITED

NOTES TO THE ACCOUNTS (Continued)

For the year ended 31 December 2008

1. Accounting policies (Continued)

i) Decommissioning and restoration

The Company follows the requirements of FRS 12 "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 operating expense. Changes in estimates result in an equal and opposite movement in the provision and the associated asset. 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.

j) Significant estimation techniques

Future development costs are estimated using standard techniques applied throughout the oil and gas industry. The estimation method used and the uncertainty range of the estimate depends upon the maturity and extent of the underlying technical work. At the early stages of project feasibility, cost estimating software and benchmarking studies will usually be the basis of estimates, while at the later stages of project development, supplier quoted costs will be used along with detailed quantities of materials. Statistical methods are also used to establish uncertainty ranges for the estimates. These methods are used for new capital projects as well as decommissioning of existing facilities.

Production forecasts and reserves are estimated using standard techniques of petroleum engineering. These techniques combine geophysical and geological knowledge with detailed information concerning reservoir porosity and permeability distributions and fluid characteristics with estimates of recovery efficiencies from studies or field analogues. There is uncertainty inherent in the measurement and interpretation of the basic data. These uncertainties are accounted for by using a combination of deterministic and statistical methods to calculate the range of recoverable reserves and to estimate future production profiles. Changes in estimates affecting unit-of-production calculations for depletion and decommissioning are accounted for prospectively over the estimated remaining reserves of each field.

k) Turnover

Turnover represents invoiced amounts net of excise duties and VAT for sales of refined products. In oil and gas exploration and production title typically passes (and revenues are recognised) when product is physically transferred into a vessel, pipe or other delivery mechanism.

THE SHELL TRANSPORT AND TRADING COMPANY LIMITED

NOTES TO THE ACCOUNTS (Continued)

For the year ended 31 December 2008

1. Accounting policies (Continued)

l) Pension costs

The Company is a member of the Shell Contributory Pension Fund which is a funded defined benefit scheme and a sponsor of the Shell Supplementary Pension Plan which is an unfunded defined benefit scheme. The pension cost in relation to these schemes is assessed in accordance with the advice of a qualified actuary using the projected unit method.

The Company is unable to identify its share of the Fund's underlying assets and liabilities on a consistent and reasonable basis and therefore has taken advantage of the exemptions allowed by paragraph 9(b) of FRS 17. There are no contractual or stated policies on which to base an allocation of the Fund's underlying assets and liabilities to member companies. The Company accounts for its contributions to the Fund in the period in respect of which they become payable. Disclosure is provided of available information about the existence of any surplus or deficit of the Fund and any implications for the Company in Note 12. The Fund's assets are held in a separately administered fund from Shell Group assets.

m) Cash flow statement

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

n) Related party transactions

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

o) Netting-off policy

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

- i. The Company currently has a legally enforceable right to set off the recognised amounts; and
- ii. The Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

p) Financial instruments

The Company, in the normal course of the business, uses financial instrument of various kinds for the purposes of managing exposure to currency, commodity price and interest rate movements.

The Company has a treasury policy consistent with the Group Treasury Guidelines. These policies cover financial structure; foreign exchange and interest rate risk management as well as the treasury control framework. The use of financial instruments for managing exposures has been successful during the period and the Company will use financial instruments, where required, to manage exposures in future periods.

THE SHELL TRANSPORT AND TRADING COMPANY LIMITED

NOTES TO THE ACCOUNTS (Continued)

For the year ended 31 December 2008

2. Segment information

Principal activities	Turnover		Profit on ordinary activities before tax		Net assets	
	2008 \$ million	2007 \$ million	2008 \$ million	2007 \$ million	2008 \$ million	2007 \$ million
Oil and gas exploration and production	533.1	662.6	479.0	560.1	450.6	241.3
Corporate and other activities	-	-	8,789.9	7,915.8	2,605.9	3,643.7
	533.1	662.6	9,268.9	8,475.9	3,056.5	3,885.0
Inland trade	533.1	662.6				

All of the Company's turnover, profit on ordinary activities before tax and net assets are derived from its principal activities and originate in the UK.

Oil and gas exploration and production activities

	2008 \$ million	2007 \$ million
Results of operations		
Turnover	533.1	662.6
Production and other costs	(9.8)	(5.2)
Depreciation and depletion	(38.7)	(91.4)
Net interest expense	(5.6)	(5.9)
Profit before tax	479.0	560.1
Allocable taxes	(125.3)	(289.6)
Profit/(loss) for the financial year	353.7	270.5

3. Other interest receivable and similar income

	2008 \$ million	2007 \$ million
Subsidiary undertakings	93.6	197.2
Fellow subsidiary undertakings	0.1	4.1
Interest from banks and similar income	-	0.1
Profit on currency translation	-	13.7
	93.7	215.1

THE SHELL TRANSPORT AND TRADING COMPANY LIMITED

NOTES TO THE ACCOUNTS (Continued)

For the year ended 31 December 2008

4. Interest payable and similar charges

	2008 \$ million	2007 \$ million
Subsidiary undertakings	0.3	0.2
Fellow subsidiary undertakings	0.1	4.4
Loss on currency translation	51.6	-
	<u>52.0</u>	<u>4.6</u>

5. Profit on ordinary activities before tax

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

	2008 \$ million	2007 \$ million
Depreciation and depletion:		
On owned assets	38.7	91.4
Currency translation:		
Financing	51.6	(13.7)

Auditors' remuneration for audit services during the year was £82,560 (\$165,000) (2007: £82,000 (\$164,000)). Fees paid to PricewaterhouseCoopers LLP and its associates for fees other than the statutory audit of the Company are not disclosed in the Company's accounts since the consolidated accounts of the Company's ultimate parent, Royal Dutch Shell plc, are required to disclose non-audit fees on a consolidated basis.

The Company had no employees during 2008 (2007: Nil).

THE SHELL TRANSPORT AND TRADING COMPANY LIMITED

NOTES TO THE ACCOUNTS (Continued)

For the year ended 31 December 2008

6. Tax on profit on ordinary activities

(a) The charge for the year of \$70.1 million (2007: \$308.3 million) is made up as follows:

	2008 \$ million	2007 \$ million
UK corporation tax at the standard rate of 28.5% (2007: 30%)	190.4	189.6
Adjustments in respect of prior years	(101.3)	91.2
Total current tax charge	89.1	280.8
Deferred tax:		
Origination and reversal of timing differences	(19.0)	(7.6)
Adjustments in respect of prior years	-	35.1
Total deferred tax credit (Note 11)	(19.0)	27.5
Total tax charge	70.1	308.3

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

	2008 \$ million	2007 \$ million
Profit on ordinary activities before tax	(9,268.9)	(8,475.9)
Tax on profit on ordinary activities at standard UK corporation tax rate of 28.5% (2007: 30%)	2,641.6	2,542.8
Effects of:		
Income not assessable	(2,623.1)	(2,487.9)
Expenses not deductible	54.5	37.5
Utilisation of brought forward losses	-	(38.2)
Tax on imputed interest	0.9	0.6
Accelerated capital allowances	8.1	25.6
Supplementary corporation tax*	106.4	107.4
Other timing differences	2.0	1.8
Adjustments to tax charge/(credit) in respect of prior years	(101.3)	91.2
Current tax charge for the year	89.1	280.8

With effect from 1 April 2008, the corporation tax rate was reduced to 28%. Profits earned in the period 1 January 2008 to 31 March 2008 will continue to be taxed at 30% giving a full year tax rate of 28.5% for current tax.

*With effect from 17 April 2002, UK North Sea oil related income and expenditure arising from that date are subject to a supplementary corporation tax of 20% calculated on the same base as normal corporation tax except that there is no deduction for finance costs. UK North Sea oil related capital expenditure incurred from 17 April 2002 will qualify for 100% allowances.

THE SHELL TRANSPORT AND TRADING COMPANY LIMITED

NOTES TO THE ACCOUNTS (Continued)

For the year ended 31 December 2008

6. Tax on profit on ordinary activities (Continued)

(b) Corporation tax

\$144.3 million (2007: \$335.4 million) of the current corporation tax charge relates to exploration and production activities, which for tax purposes must be treated separately from other activities.

7. Tangible fixed assets

Tangible fixed assets are classified, consistent with oil and gas industry practice, according to operating activities. Such a classification rather than one according to type of asset is given in order to permit a better comparison with other companies having similar activities.

	Oil and gas exploration and production \$ million
Cost	
Balance at 1 January 2008	189.0
Additions	1.4
Changes in FRS12 estimates	8.6
Disposals	-
Translation difference	(54.3)
Balance at 31 December 2008	144.7
Depreciation	
Balance at 1 January 2008	(132.8)
Charge for the year	(38.7)
Disposals	-
Translation difference	45.0
Balance at 31 December 2008	(126.5)
Net book amount	
At 31 December 2008	18.2
At 31 December 2007	56.2

All of the tangible fixed assets relate to the Company's oil and gas field interest. Income and expenditure relating to this field have been included in the profit and loss account for the year. Refer to Note 2.

The field is located on the UK Continental Shelf.

THE SHELL TRANSPORT AND TRADING COMPANY LIMITED

NOTES TO THE ACCOUNTS (Continued)

For the year ended 31 December 2008

7. Tangible fixed assets (Continued)

Included in the oil and gas exploration and production balance are capitalised decommissioning costs, with a net book value at 31 December 2008 of \$8.3 million (2007: \$9.1 million).

At 31 December 2008 tangible fixed assets included \$1.5 million (2007: \$0.7 million) of assets under construction.

8. Fixed asset investments

	Shares in group undertakings
	\$ million
Cost	
Balance 1 January 2008 and 31 December 2008	582.7
Amounts provided	
Balance 1 January 2008 and 31 December 2008	(149.2)
Net book amount	
Balance 1 January 2008 and 31 December 2008	433.5

Principal subsidiary undertakings

The principal investment at 31 December 2008 relates to a holding of ordinary shares in The Shell Petroleum Company Limited, a UK incorporated holding company. Information pursuant to Schedule 5 of the Companies Act 1985 is as follows:

	Country of incorporation	Class of share	Principal activity	% of shares held directly
The Shell Petroleum Company Limited	England & Wales	Ordinary	Holding Company	100%

THE SHELL TRANSPORT AND TRADING COMPANY LIMITED

NOTES TO THE ACCOUNTS (Continued)

For the year ended 31 December 2008

9. Debtors

	2008 Within 1 Year \$ million	2007 Within 1 Year \$ million
Amounts owed by Group undertakings:		
Subsidiary undertakings	3,393.1	3,839.2
Fellow subsidiary undertakings	-	11.1
Other debtors	11.6	2.6
	<u>3,404.7</u>	<u>3,852.9</u>

Amounts owed by subsidiary undertakings are repayable on demand and typically accrue interest at LIBOR for US Dollar or Pounds Sterling balances or EURIBOR for Euro balances.

10. Creditors: amounts falling due within one year

	2008 \$ million	2007 \$ million
Trade creditors	6.2	0.2
Amounts owed by Group undertakings:		
Parent undertakings	0.7	-
Subsidiary undertakings	207.3	182.0
Fellow subsidiary undertakings	129.9	64.4
Tax and social security	246.2	251.1
Other creditors	4.5	5.1
Unclaimed dividends	14.5	21.3
	<u>609.3</u>	<u>524.1</u>

THE SHELL TRANSPORT AND TRADING COMPANY LIMITED

NOTES TO THE ACCOUNTS (Continued)

For the year ended 31 December 2008

11. Deferred tax

The amount set aside for deferred tax represents the timing differences between the recognition of items of income and expenditure for accounting and tax purposes for the years up to and including 2008.

	2008 \$ million	2007 \$ million
Deferred tax asset/(provision) comprises:		
Accelerated capital allowances	(8.7)	(27.3)
Provision for decommissioning and restoration	13.9	14.0
Other timing differences	-	-
Total deferred tax asset/(provision)	5.2	(13.3)
At 1 January 2008	(13.3)	
Origination and reversal of timing differences	14.9	
Difference in exchange	3.6	
Adjustments in respect of prior years in the profit and loss account	-	
At 31 December 2008	5.2	

The corporation tax rate was reduced from 30% to 28% with effect from 1 April 2008.

12. Pension schemes

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

Hewitt Associates Ltd carried out an actuarial valuation of the SCPF as at 31 December 2008 using the projected unit method. The actuarial value of the SCPF's assets as at that date was £10,540 million. The principal actuarial assumptions adopted in the valuation were a discount rate of 4.90%, a rate of salary increases (in addition to age-related promotional increase) of 4.80%, and a price inflation rate of 2.80%. The actuarial value of the assets was surplus to the present value of the scheme liabilities by 1.72% after allowing for expected future increases in earnings. Member Companies' contributions to the SCPF were suspended with effect from 1 July 2007, but have resumed regular contributions from 1 July 2009.

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

In the accounts of the Company there is no charge for the period for contributions to the SCPF (2007: \$Nil).

THE SHELL TRANSPORT AND TRADING COMPANY LIMITED

NOTES TO THE ACCOUNTS (Continued)

For the year ended 31 December 2008

13. Other provisions

	Decommissioning and restoration \$ million	Litigation \$ million	Deferred tax \$ million	Total \$ million
Balance at 1 January 2008	28.0	232.0	13.3	273.3
Utilisation of provision	-	(64.1)	(14.9)	(79.0)
Changes in FRS 12 estimates	1.2	-	-	1.2
Translation difference	(9.9)	-	(3.6)	(13.5)
Unwinding of discount	8.6	-	-	8.6
Balance at 31 December 2008	<u>27.9</u>	<u>167.9</u>	<u>(5.2)</u>	<u>190.6</u>

At 31 December 2008, the Company has provided \$27.9 million (2007: \$28.0 million) in respect of the decommissioning of its oil and gas field and related infrastructure and the restoration of the sites. It is anticipated that decommissioning and restoration costs will be incurred over the next 5 years. The exact timing of these costs is dependent upon a number of factors such as reservoir performance, new near field developments and the oil price. The provision has been estimated using existing technology, at current prices and discounted using a real discount rate of 5% (2007: 5%).

In 2007, the Company and Shell Petroleum N.V. reached a settlement of asserted and unasserted claims arising out of the 2004 recategorisation of certain hydrocarbon reserves with representatives of purchasers who resided and purchased Shell shares outside of the USA during the relevant period from April 8, 1999 through March 18, 2004 (the "Relevant Period"). The parties to the so-called "Non-US Settlement" include a shareholders' foundation, certain of Shell's institutional investors, and other shareholders' rights organisations. The terms of the Non-US Settlement agreement principally include settlement relief of \$352.6 million to be distributed to the Non-US purchasers pursuant to a plan of distribution proposed in the Non-US Settlement, along with certain other relief and certain other fees and costs to be paid.

The Non-US Settlement agreement (and an amendment to it executed on February 27, 2008) was filed with the Amsterdam Court of Appeals, which has exclusive jurisdiction under Dutch law to determine whether the agreement should be declared binding to the Non-US purchasers included within its terms. The Amsterdam Court of Appeals has declared the settlement agreement binding on 29 May 2009. In accordance with the terms of the settlement agreement a cash payment was made of \$ 432 million in total on 17 June 2009 mainly into an escrow account.

THE SHELL TRANSPORT AND TRADING COMPANY LIMITED

NOTES TO THE ACCOUNTS (Continued)

For the year ended 31 December 2008

13. Other provisions (Continued)

In 2008, a consolidated shareholder class action pending in the US District Court in New Jersey alleging losses related to the 2004 recategorisations of certain hydrocarbon reserves was settled (the so-called "US Settlement") and the settlement was finally approved by the US Court. Among other things, the US Settlement provides to all persons and entities who purchased Shell shares on US markets and all US persons and entities who purchased Shell shares on non-US markets during the Relevant Period the following relief: (i) settlement relief of \$82.8 million to be distributed to US purchasers pursuant to the plan of distribution, (ii) interest on settlement amounts from April 1, 2008 (and providing the same relief to participants in the Non-US Settlement), and (iii) an additional payment of \$35 million, to be divided proportionately between the US Settlement and the Non-US settlement (iv) along with certain other fees and costs to be paid.

As a result of (i) the two settlements having been approved respectively declared binding by the competent Courts and (ii) the corresponding agreed settlement relief and amounts having been paid into either escrow accounts or otherwise as stipulated in the relevant settlement agreements, the provision of \$232.0 million has been partially utilised in 2008 for an amount equal to \$64.1 million and the remainder has been utilised in June 2009.

14. Called up share capital

	2008 \$ million	2007 \$ million
Authorised		
9,947,999,999 (2007: 9,947,999,999) ordinary shares of £0.25 each	4,476.6	4,476.6
1 (2007: 1) dividend access share of £0.25	-	-
Allotted, called up and fully paid		
9,603,349,999 (2007: 9,603,349,999) ordinary shares of £0.25 each	4,331.3	4,331.3
1 (2007: 1) dividend access share of £0.25	-	-

The Company issued the dividend access share to Lloyds TSB Offshore Trust Limited ("Lloyds TSB") as dividend access share trustee to facilitate the preservation of the tax treatment of dividends paid to the previous public shareholders of the Company. Pursuant to a declaration of trust, Lloyds TSB will hold any dividends paid in respect of the dividend access share on trust for the holders of Class B shares of Royal Dutch Shell plc from time to time and will arrange for prompt disbursement of such dividends to holders of Class B shares of Royal Dutch Shell plc. Interest and other income earned on unclaimed dividends will be for the account of the Company and any dividends which are unclaimed after 12 years will revert to the Company. Holders of Class B shares of Royal Dutch Shell plc will not have any interest in the dividend access share and will not have any rights against the Company as issuer of the dividend access share. The only assets held on trust for the benefit of the holders of Class B shares of Royal Dutch Shell plc will be dividends paid to the dividend access trustee in respect of the dividend access share.

THE SHELL TRANSPORT AND TRADING COMPANY LIMITED

NOTES TO THE ACCOUNTS (Continued)

For the year ended 31 December 2008

14. Called up share capital (Continued)

The declaration and payment of dividends on the dividend access share will require board action by the Company and will be subject to any applicable legal or articles limitations in effect from time to time. In no event will the aggregate amount of the dividend paid by the Company under the dividend access mechanism for a particular period exceed the aggregate amount of the dividend declared by the Royal Dutch Shell plc Board on the Class B shares of Royal Dutch Shell plc in respect of the same period.

The dividend access mechanism may be suspended or terminated at any time by Royal Dutch Shell's directors or the directors of the Company, for any reason and without financial recompense. This might, for instance, occur in response to changes in relevant tax legislation.

15. Dividends

Interim dividends of \$10,134.8 million were paid during the year (2007: \$8,018.1 million).

16. Reconciliation of movements in reserves and shareholders' funds

	Share capital	Capital redemption reserve	Other reserve	Currency translation reserve	Profit and loss account	Shareholders' funds
	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million
At 1 January 2007	4,331.3	153.4	(4,075.1)	8.1	3,317.5	3,735.2
Profit for the year	-	-	-	-	8,167.6	8,167.6
Currency translation	-	-	-	0.3	-	0.3
Dividends paid	-	-	-	-	(8,018.1)	(8,018.1)
At 1 January 2008	4,331.3	153.4	(4,075.1)	8.4	3,467.0	3,885.0
Profit for the year	-	-	-	-	9,198.8	9,198.8
Currency translation	-	-	-	107.5	-	107.5
Dividends paid	-	-	-	-	(10,134.8)	(10,134.8)
At 31 December 2008	4,331.3	153.4	(4,075.1)	115.9	2,531.0	3,056.5

THE SHELL TRANSPORT AND TRADING COMPANY LIMITED

NOTES TO THE ACCOUNTS (Continued)

For the year ended 31 December 2008

17. Directors

(a) Directors' emoluments

	2008 \$	2007 \$
Aggregate emoluments	2,110,558	1,811,874

The Directors of the Company are employed by various companies in the Shell Group and no emoluments are paid directly by the Company.

No payments were made in 2008 to any Director as compensation for loss of office (2007: £Nil).

Share options were exercised by 3 Directors (2007: 4) during the year.

Shares were receivable by 6 Directors (2007: 5) during the year under long-term incentive schemes.

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

	2008 Number	2007 Number
In respect of defined benefit schemes	5	6

(b) Highest paid director

	2008 \$	2007 \$
Total amount of emoluments and amounts (excluding shares) receivable under long term incentive schemes	672,726	578,942

Defined benefit pension scheme:

Accrued pension at end of year	55,949	89,088
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The highest paid Director exercised share options during the year. The highest paid Director also received shares in respect of a long-term incentive scheme in respect of services rendered to the Company and its subsidiary undertakings.

18. Loans to directors

Name of director	Lender	Type of loan	Liability as at 31 December 2008 £	Liability as at 1 January 2008 £
A.D. McLean	SELAP Ltd	3% Executive Loan	30,250	30,250
J.M. Smith	SELAP Ltd	3% Executive Loan	-	21,200
R.M. Wiseman	SELAP Ltd	3% Executive Loan	-	23,100
Total			30,250	74,550

SELAP Limited is a subsidiary of the Company, whose principal activity is to make loans to members of staff of the Shell Group. As at 31 December 2008, one Director of the Company had loans outstanding as shown above which had existed throughout 2008. This general purpose loan is not repayable until the Director ceases to be employed by the Shell Group. Interest on the loan at a rate of 3% per annum falls due and is settled monthly.

THE SHELL TRANSPORT AND TRADING COMPANY LIMITED

NOTES TO THE ACCOUNTS (Continued)

For the year ended 31 December 2008

19. Contingent liabilities

The Company and its subsidiaries are subject to a number of other loss contingencies arising out of litigation and claims brought by governmental and private parties, which are handled in the ordinary course of business. The operations and earnings of the Company and subsidiaries of the Company continue, from time to time, to be affected to varying degrees by political, legislative, fiscal and regulatory developments, including those relating to the protection of the environment and indigenous groups, in the countries in which they operate. The industries in which the subsidiaries of the Company are engaged are also subject to physical risks of various types. The nature and frequency of these developments and events, not all of which are covered by insurance, as well as their effect on the future operations and earnings, are unpredictable.

20. Post balance sheet events

Since the year-end the Company has paid interim dividends of \$4,482.0 million.

Furthermore on 29 May 2009, the Amsterdam Court of Appeal declared the settlement agreement entered into by, among others, the Company and Shell Petroleum N.V. with respect to the recategorisation of certain of its oil and gas reserves in 2004, binding. In accordance with the terms of the settlement agreement Shell Group companies made a cash payment of USD 432 million into an escrow account on 17 June 2009. This payment was offset against the provision which had previously been made by the Company (and other Shell Group companies) for the class action settlement (see note 13).

21. Financial instruments

The Company enters into derivative financial instruments to hedge its exposure to foreign currency exchange movements and interest rate movements. Such transactions are carried out on commercial terms and conditions and at market rates.

There were no derivative instruments outstanding at 31 December 2008 (2007: none).

THE SHELL TRANSPORT AND TRADING COMPANY LIMITED

NOTES TO THE ACCOUNTS (Continued)

For the year ended 31 December 2008

SUPPLEMENTARY INFORMATION (UNAUDITED)

	2008	2008	2007	2007
	Crude oil and natural gas liquids Million barrels	Natural gas Billion cubic metres	Crude oil and natural gas liquids Million barrels	Natural gas Billion cubic metres
Net commercial reserves at the beginning of the year:				
Proved developed reserves	4.30	1.18	7.27	2.08
Proved undeveloped reserves	-	-	-	-
	<hr/> 4.30	<hr/> 1.18	<hr/> 7.27	<hr/> 2.08
Changes during the year				
Revisions of previous estimates	3.73	0.84	3.18	0.56
Purchases of reserves-in-place	-	-	-	-
Sales of reserves-in-place	-	-	-	-
Extensions, discoveries and other additions	-	-	-	-
Production	(4.39)	(1.15)	(6.15)	(1.46)
	<hr/> 3.64	<hr/> 0.87	<hr/> 4.30	<hr/> 1.18
Net commercial reserves at the end of the year:				
Proved developed reserves	3.64	0.87	4.30	1.18
Proved undeveloped reserves	-	-	-	-
	<hr/> 3.64	<hr/> 0.87	<hr/> 4.30	<hr/> 1.18

All proved oil and gas reserves of the Company are located on the UK Continental Shelf.

The proved oil and gas reserve quantity estimates are generated by field reservoir engineers according to the Securities and Exchange Commission (SEC) and Shell reserves requirements utilising best available engineering estimates from reservoir simulation results and up to date production and pressure data trends at the 100% field basis. These estimates are reviewed by senior technical staff and authorised by the Technical Director. The net working interest amount of proved oil and gas reserves are calculated based on the Shell share of the 100% volumes.