

SF Investment Management Limited

Directors' Report and Financial Statements for the year ended 31 December 2021

Company Registered in England and Wales
Number: 09425215



SF Investment Management Limited

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SF Investment Management Limited

Directors, Officers and Advisors

Directors

The Directors of SF Investment Management Limited who served throughout the period and up to the date of signing the financial statements were:

Harvey Bootland
Rachel Singh Davies
Fraser Johnson

Secretary

Shell Corporate Secretary Ltd

Registered Office

Shell Centre
London, SE1 7NA
United Kingdom

Independent Auditor

Ernst and Young LLP
Atria One
144 Morrison Street
Edinburgh
EH3 8EX

Bankers

Lloyds Bank plc
25 Gresham Street
London EC2V 7HN

SF Investment Management Limited

Directors' Report for the year ended 31 December 2021

The Directors present their report and audited financial statements for the period ended 31 December 2021.

The information with respect to Directors, officers and advisors set out on page 3 forms part of this report.

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

DIVIDENDS

The Directors do not recommend a dividend be paid for the period ended 31 December 2021 (2020: nil).

FUTURE OUTLOOK

The Company was established during 2015 with \$4 million of share capital and has sought to invest in small growing businesses within Iraq.

In 2019, the Company received \$17 million from its parent for the purpose of investing in Iraq, in line with the United States Agency for International Development (USAID) programme. This was received through the issuing of 17 million shares of \$1 each by the parent Shell Foundation.

In 2021, the Company received a further \$1.5 million from its parent for the purpose of investing in Iraq. This was received through the issuing of 1.5 million shares of \$1 each by the parent Shell Foundation.

In 2021, the Company has utilised the funds available to provide:

- Additional investment in Nomou Iraq Fund of \$0.5 million.
- Additional investment in Northern Iraq Investment Limited of \$4.5 million.
- Support to the Iraq Business Support Facility of \$2.1 million.

Investments made by the Company are held in funds with a diverse underlying portfolio, which means that although impairments have historically been seen, the underlying investments have varied risk profiles and the Company does not see past impairment as an indicator of future performance. The Company relies on Grofin fund management for assessment of the investment performance as they manage the distribution of funds to carefully selected small growing businesses in Iraq.

The outlook for existing and future investments in 2022 continues to be uncertain due to the effects of the Covid-19 pandemic in Iraq, where vaccination rate of 16% is low by global standards and there are government restrictions on mobility and international travel. The general election held in October 2021 was inconclusive and a new government is yet to be formed, which in turn has resulted in the presidential election due in February 2022 being deferred, further adding to political uncertainty. However, the increase in global crude oil and gas prices in 2021 should reduce the government deficit and help the economy recover from the impact of Covid-19. The financial impact on existing investments will possibly not be seen until a later date although estimates of current impairment have been made in these financial statements. During 2020, at the request of USAID, Grofin pivoted their investment strategy to provide urgent support to small businesses in Iraq during the pandemic. These investments may be more vulnerable to impairment in the future. The Company assesses its going concern status regularly and will remain solvent until at least 31 December 2023. Please refer to Note 1, a. Basis of preparation on page 13 for more details.

BENEFITS

The Directors benefited from Directors' and Officers' liability insurance throughout the period and to the date of this report. This insurance is arranged by Royal Dutch Shell plc without charge to the Company.

SF Investment Management Limited

Directors' Report for the year ended 31 December 2021 (continued)

FINANCIAL RISK MANAGEMENT

The principal currency of the Company is the US dollar (\$). No hedging or other financial instruments have been entered into.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Strategic report, Directors' report and the Company's financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102)' and applicable law) effective 1 January 2019. 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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any; of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.


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

In so far as the Directors are aware:

(a) there is no relevant audit information of which the Company's auditors are unaware; and

(b) they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The financial statements on pages 10 to 20 were approved by the Board of Directors on 14 June 2022 and signed on its behalf by:

DocuSigned by:

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Harvey Bootland, Director
SF Investment Management Limited
30 June 2022

SF Investment Management Limited

Strategic Report for the year ended 31 December 2021

The Directors present their strategic report on SF Investment Management Limited (also referred to as the "Company") for the period ended 31 December 2021.

The Company is a wholly owned subsidiary of the "Shell Foundation Limited" and was incorporated on 5 February 2015.

BUSINESS REVIEW

The principal activities of the Company are to invest in small growing businesses (SGB) within Iraq to further employment in the country. The Company was established under a Cooperation Agreement with USAID. GroFin has been chosen as the key strategic partner to further the aims of the Company and manage the distribution of funds to carefully selected SGBs in Iraq. Shell Foundation has had a successful relationship with GroFin in a number of ventures for many years.

The Company recorded a loss for the period of \$3.1 million (2020: \$2.1 million). This was principally due to planned expenses incurred by the Company in supporting the Iraq Business Support Facility and impairment of the investment in the Nomou Iraq Fund and Northern Iraq Investments Limited.

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

Principal Decisions

The Companies (Miscellaneous Reporting) Regulations 2018 ('2018 MRR') require Directors to explain how they considered the interests of key stakeholders and the broader matters set out in section 172(1) (a) to (f) of the Companies Act 2006 ('S172') when performing their duty to promote the success of the Company under S172. This includes considering the interests of other stakeholders when making principal decisions which may affect the long-term success of the Company.

We define Principal decisions taken by the Board as those decisions that are of a strategic nature and/or that are significant to any of our key stakeholder groups.

Principal Decisions in 2021

Upon review of the Board activity in 2021 we have determined that no principal decisions were taken by the Board during the year under review. All matters considered by the Board were either standing board updates or the approval of administrative matters.


Principal Risks and Uncertainties

Shell Foundation has a single risk-based control framework to identify and manage risks. The Shell Foundation Control Framework applies to the Company. The Company will invest in small growing businesses (SGB) in Iraq with the inherent risk of insolvency of individual enterprises. This is mitigated by due diligence and business support provided by an experienced and specialist fund manager in this segment with investments structured in an appropriate way to minimise losses (e.g. debt instruments over equity). The fund will also invest in many different SGBs limiting the impact of individual defaults.

Given the nature of the Company's activities and that the Company has limited and known planned future activity and limited commitments and liabilities, the Directors consider the going concern status of the Company to be appropriate. The Company has a low level of liabilities currently. The Directors will not take on liabilities which cannot be met and so the Company is considered a going concern. For more information please see Note 1, a. Basis of preparation on page 13 and Note 1, o. Equity on page 15.

In 2021, the coronavirus (Covid-19) pandemic continued to have an impact on the Iraqi economy, but this has reduced towards the end of the year as infection rates have declined. Other significant drivers are energy prices, where the economy benefited from increases in oil and gas prices in the later part of the year and political impasse following the inconclusive result of the October 2021 elections. SFIM monitors the situation closely via GroFin in order to take mitigating actions where possible. For more information, please see Events after the end of the reporting period on page 4 and in Note 14 on page 20.

SF Investment Management Limited

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Harvey Bootland
Director
SF Investment Management Limited
30 June 2022

SF Investment Management Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SF INVESTMENT MANAGEMENT LIMITED

Opinion

We have audited the financial statements of SF Investment Management Limited (the 'company') for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 15, 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ▶ give a true and fair view of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- ▶ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ▶ have been prepared in accordance with the requirements of the Companies Act 2006.

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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 18 months from when the financial statements are authorised for issue until 31 December 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the strategic report and director's report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

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

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work

SF Investment Management Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SF INVESTMENT MANAGEMENT LIMITED (continued)

we have performed, we conclude that there is a material misstatement of the 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 the 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 the 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 or directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to

SF Investment Management Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SF INVESTMENT MANAGEMENT LIMITED (continued)

which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- ▶ We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are reporting under Companies Act 2006.
- ▶ We understood how SF Investment Management Limited is complying with those frameworks by obtaining an understanding of the Company's procedures to ensure compliance and understanding the controls in place for Management to detect breaches in laws and regulations. We also considered the oversight of those charged with governance (i.e. considering the potential for override of controls or other inappropriate influence over the financial reporting process, such as efforts by management to manage earnings in order to influence the perceptions of stakeholders as to the entity's performance and profitability), and the culture of honesty and ethical behaviour and whether a strong emphasis is placed on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment.
- ▶ We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by making enquiries of those charged with governance and management and considering the potential for override of controls or other inappropriate influence over the financial reporting process. We tested manual journal entries and performed the procedures on significant estimates and judgements.
- ▶ Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved confirming if management are aware of any breaches in laws or regulations or fraudulent activity, reading the minutes of the Board, testing manual journal entries and undertaking the FRS 102 disclosure checklist to ensure relevant requirements are met.

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 members, 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 members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.



Stephen Reid (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Edinburgh
30 June 2022

SF Investment Management Limited

Statement of Comprehensive Income for the year ended 31 December 2021

Company Registered Number 09425215

Continuing operations	Note	2021 \$ thousands	2020 \$ thousands
Grant expenses	4	(2,100.0)	(1,500.0)
Administrative expenses	4	(126.7)	(27.9)
Impairment of investment	4	(868.9)	(582.8)
OPERATING LOSS		(3,095.6)	(2,110.7)
LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION		(3,095.6)	(2,110.7)
Interest income		8.6	61.1
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(3,087.0)	(2,049.6)
Tax on loss on ordinary activities	5	-	-
LOSS FOR THE PERIOD		(3,087.0)	(2,049.6)
TOTAL COMPREHENSIVE EXPENDITURE FOR THE PERIOD		(3,087.0)	(2,049.6)

The notes to these financial statements form part of the financial statements.

The loss for the current period is equal to the total comprehensive expenditure and accordingly a separate statement of comprehensive income has not been presented.

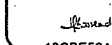
SF Investment Management Limited

Balance Sheet**as at 31 December 2021**

Company Registered Number 09425215

	Note	2021 \$ thousands	2020 \$ thousands
FIXED ASSETS			
Investments			
Nomou Iraq Fund	6	4,545.6	4,679.7
Northern Iraq Investment Limited	6	8,265.2	4,000.0
		12,810.8	8,679.7
CURRENT ASSETS			
Cash and cash equivalents	7	691.4	6,378.4
		13,502.2	15,058.1
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	8	(66.5)	(35.4)
NET CURRENT ASSETS		624.9	6,343.0
TOTAL ASSETS LESS CURRENT LIABILITIES		13,435.7	15,022.7
NET ASSETS		13,435.7	15,022.7
EQUITY			
Called up share capital	10	22,500.0	21,000.0
Profit and loss account		(9,064.3)	(5,977.3)
TOTAL EQUITY		13,435.7	15,022.7

The financial statements on pages 10 to 20 were approved by the Board of Directors on 14 June 2022 and were signed on its behalf by:

DocuSigned by:

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Harvey Bootland
 Director
 SF Investment Management Limited
 30 June 2022

SF Investment Management Limited

Statement of Changes in Equity for the year ended 31 December 2021

Company Registered Number 09425215

Note	2021 Called-up Share Capital \$ thousands	2021 Profit and loss account \$ thousands	2021 Total \$ thousands	2020 Called-up Share Capital \$ thousands	2020 Profit and loss account \$ thousands	2020 Total \$ thousands
Balance as at the beginning of the year	21,000.0	(5,977.3)	15,022.7	21,000.0	(3,927.7)	17,072.3
Loss for the period	-	(3,087.0)	(3,087.0)	-	(2,049.6)	(2,049.6)
Total comprehensive loss for the period	21,000.0	(9,064.3)	11,935.7	21,000.0	(5,977.3)	15,022.7
Proceeds from shares issued	1,500.0	-	1,500.0	-	-	-
Balance as at the end of the year	22,500.0	(9,064.3)	13,435.7	21,000.0	(5,977.3)	15,022.7

SF Investment Management Limited

Notes to the Financial Statements for the year ended 31 December 2021

Company Registered Number 09425215

General company information

The Company is a limited company, which is incorporated in England and Wales, and is a wholly owned subsidiary of Shell Foundation. The registered office is Shell Centre, London, SE1 7NA, United Kingdom. The Company invests in small and growing businesses in Iraq to further employment in the country.

1. Summary of significant accounting policies

a. Basis of preparation

The financial statements have been prepared in accordance with United Kingdom accounting standards including Financial Reporting Standard 102. The financial statements have been prepared on a going concern basis under the historical cost convention, except for certain items measured at fair value, and in accordance with the Companies Act 2006. Items measured at fair value are cash and cash equivalents and investments, for more detail please refer to e. Financial Assets, (ii) Recognition and measurement.

In line with the current statutory requirements and the updated Financial Reporting Standard (FRS) 102 effective 1 January 2019, SFIM carried out an assessment and concluded that no further updates to the financial statements were required at this stage.

The Directors have closely examined the current and potential future impact of coronavirus (Covid-19) and other relevant factors on the ability of SF Investment Management Ltd (SFIM) to continue as a going concern and they remain assured of the Company's ability to continue on a going concern basis. SFIM activities are wholly funded from share capital. SFIM has committed to disburse these funds to GroFin fund managers for investment in small growing business in Iraq and retained sufficient resources to meet ongoing costs. It has no other activities or costs planned or anticipated beyond implementing the USAID programme. The Directors have reviewed the ability of SFIM to continue as a going concern for a minimum period of up to the end of the next 12 month operating cycle ending on 31 December 2023, and are satisfied that SFIM is a going concern and has resources to fund current and planned activities. All funds provided by USAID as at balance sheet date have been remitted as grant or investments and there are no outstanding commitments. Any new commitments are dependent on receipt of further funds from USAID. This situation is closely monitored by the Directors of SFIM.

b. Consolidation

The immediate and ultimate parent company is Shell Foundation, which is incorporated in England and Wales. A separate cashflow statement is not required in accordance with the exemption available in section 1.12 of FRS 102.

The consolidated accounts of Shell Foundation are available from:
<http://www.shellfoundation.org/About-Us/Financials>

c. Taxation

(i) Corporation tax

The Company records a tax charge or credit in profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, which is calculated at the tax rate prevailing in the year for tax payable to HM Revenue and Customs.

(ii) 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:

SF Investment Management Limited

Notes to the Financial Statements (continued) for the year ended 31 December 2021

Company Registered Number 09425215

1. Summary of significant accounting policies (continued)

c. Taxation (continued)

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 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 current tax assets against current 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.

d. 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' (\$, or USD), which is also the Company's functional currency. The Company's sole source of funds is ultimately USAID grants denominated in USD, and the largest payments (to GroFin), are made in USD.

(ii) Transaction and balances

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

Monetary assets and liabilities recorded in foreign currencies have been expressed in US dollars at the rates of exchange ruling at the period-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.

e. Financial assets

(i) Classification

The assets will predominantly relate to long-term investments in Iraq small and growing businesses, currently managed exclusively via a GroFin investment fund.

(ii) Recognition and measurement

Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Since it may not be possible to reliably value investments in the small growing businesses in Iraq, historical cost less any indication of impairment will be applied at a fund level in cooperation with the fund manager.

SF Investment Management Limited

Notes to the Financial Statements (continued) for the year ended 31 December 2021

Company Registered Number 09425215

1. Summary of significant accounting policies (continued)

f. Financial liabilities

(i) Classification

The Company classifies its financial liabilities at amortised cost. The classification depends on the nature of the underlying liabilities, with management determining the classification of financial liabilities at initial recognition. The only liability at period-end relates to current trade creditors.

g. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

h. Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. All obligations are current at period-end.

i. Interest income

Interest income will be recognised when receivable by the Company.

j. Related party disclosures

The Company is a wholly owned subsidiary of Shell Foundation. Related party transactions are included as a note to the accounts.

k. Financial guarantees

There are no current guarantees, and no guarantees are planned to be issued by the Company.

l. Grant expenditure

Grant expenditure is incurred for the purpose of the Iraq Business Support Facility which supports the USAID GroFin programme in Iraq. The grant has no rights to any future interest or dividend income. The grant is recognised as an expense in the Statement of Comprehensive Income and is treated as a tax-deductible expenditure thus set-off against taxable income.

m. Management services

Management services are charged for Shell Foundation finance and operations staff time spent on the management of the Company. The services are charged at cost, on an allocated time basis.

n. Equity

The allotment of ordinary shares in favour of the parent company is recognized as called up share capital. Each ordinary share is fully paid at par on allotment. There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

SF Investment Management Limited

Notes to the Financial Statements (continued) for the year ended 31 December 2021

Company Registered Number 09425215

2. Critical accounting estimates and judgements

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

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

a. Impairment of investments

For the purposes of determining whether impairment of investments has occurred and to determine the extent of any impairment or its reversal, management reviews the value of SFIM's investment in the Nomou Iraq Fund and Northern Iraq Investment Ltd, equal to SFIM's share of the net assets of the funds according to the funds' financial statements. Profits and losses incurred in the funds thereby directly impact the carrying value of SFIM's investment.

3. Geographical market

All of the Company's loss on ordinary activities before tax and net assets are derived from its principal activities which originate in the UK and Iraq. The Iraq activities consist of investing in USD denominated funds which invests in small growing businesses (SGB) within Iraq to further employment in the country. The UK activities include recognition of audit fees from EY in the UK. The Company will in future operate mainly in Iraq via USD denominated funds.

4. Operating loss is stated after charging:

	2021 \$ thousands	2020 \$ thousands
Grants expended for the Iraq Business Support Facility	2,100.0	1,500.0
Fees payable to the Company's auditor for the audit of the Company's annual accounts	37.7	27.8
Amount paid to Shell Foundation for management services	88.7	-
Bank Charges	0.3	0.1
Impairment of investment in Nomou Iraq Fund & Northern Iraq Investment Limited	868.9	582.8

Management services were charged in 2021, for Shell Foundation finance and operations staff time spent on the management of the Company. The charges were made under the terms of the management agreement between Shell Foundation and the Company.

SF Investment Management Limited

Notes to the Financial Statements (continued)

for the year ended 31 December 2021

Company Registered Number 09425215

5. Tax on loss on ordinary activities before taxation

No deferred tax has been applied to the current year loss as the receipt of future taxable income is not certain. The total cumulative tax losses carried forward as at December 31, 2021 is \$5,675,011 and cumulative unrecognized deferred tax asset as at December 31, 2021 is \$1,418,753 which is measured at 25%, substantively enacted in 2021 and effective from 1st April 2023. For information relating to the tax treatment on the grant expenditure see Note 1, n. Grant Expenditure on page 15.

6. Investment

Investment in Nomou Iraq Fund	2021 \$ thousands	2020 \$ thousands
Cost less impairment brought forward at 1 January	4,679.7	3,762.5
Purchases	500.0	1,500.0
Sales		
Impairment	(634.1)	(582.8)
Total value investment	4,545.6	4,679.7
Investment in Northern Iraq Investment Limited		
Cost less impairment brought forward at 1 January	4,000.0	2,000.0
Purchases	4,500.0	2,000.0
Sales		
Impairment	(234.7)	-
Total value investment	8,265.2	4,000.0

Nomou Iraq Fund was set up to serve as a commercially orientated vehicle for the provision of business support, start-up and early-stage growth capital essential for the development of sustainable small and medium sized businesses ("SME's") in Iraq. Its activities would contribute to sustained and local economic growth and employment generation or to realise a wider range of other environmental and social benefits in Iraq. The principal objective of the Company is to maximise the development impacts that can be achieved through the growth of SME's and realise sustainable financial returns through the income from investments in the form of interest, performance-based incentives and in the case of equity transactions, divestment from shareholding all within the context of the general development objective. The total investment in the fund to date is \$7.7 million (including the investment purchase in 2021 for \$0.5 million) and the accumulated impairment from inception to date is \$3.2 million.

Northern Iraq Investment was set up to serve similar purposes to the Nomou Iraq fund, with a geographical focus on regions in Northern Iraq. The total investment in the fund to date is \$8.5 million, \$2 million made in 2019, \$2 million made in 2020 and \$4.5 million made in 2021 and the accumulated impairment from inception to date is \$0.2 million.

SF Investment Management Limited

Notes to the Financial Statements (continued) for the year ended 31 December 2021

Company Registered Number 09425215

7. Cash and cash equivalents

	2021 \$ thousands	2020 \$ thousands
Cash at bank	691.4	172.6
Short term deposits	0.0	6,205.8
	691.4	6,378.4

8. Creditors: amounts falling due within one year

	2021 \$ thousands	2020 \$ thousands
Trade creditors	66.5	35.4
	66.5	35.4

9. Financial instruments

The Company has the following financial instruments and funds:

	Note	2021 \$ thousands	2020 \$ thousands
Cash and cash equivalents measured at fair value	7	691.4	6,378.4
		691.4	6,378.4
Financial assets that are equity instruments measured at costs less impairment			
- Nomou Iraq Fund	6	4,545.6	4,679.7
- Northern Iraq Investment Limited	6	8,265.2	4,000.0
		12,810.8	8,679.7
Financial liabilities measured at amortised cost:			
- Trade creditors	8	(66.5)	(35.4)
		(66.5)	(35.4)

SF Investment Management Limited

Notes to the Financial Statements (continued) for the year ended 31 December 2021

Company Registered Number 09425215

10. Share capital and other reserves

Ordinary shares of \$1 each	2021 Number thousands	2021 \$ thousands	2020 Number thousands	2020 \$ thousands
Allotted and fully paid				
At beginning of year	21,000	21,000	21,000	21,000
Issued during the year	1,500	1,500	-	-
As at year end	22,500	22,500	21,000	21,000

1,500,000 ordinary shares of \$1 each were issued during 2021 using restricted funds that Shell Foundation received from USAID. Previously, 4,000,001 ordinary shares of \$1 each were issued during 2015 and 17,000,000 ordinary shares of \$1 each were issued during 2019. There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

11. Dividends

No dividends have been declared in 2021 (2020: nil).

12. Directors

None of the Directors received any emoluments in respect of their services to the Company (2020: nil).

13. Capital and other commitments

The Company has committed to disburse \$28.66 million to GroFin fund managers for investment in small growing businesses in Iraq, subject to Shell Foundation receiving \$30 million from USAID and increasing the Company paid-up share capital accordingly. To the end of 2021 a total of \$21.9m had been put into the programme with the remainder being available for Company operating costs to the extent that these are incurred, and for investment in GroFin's Iraq funds.

14. Events after the end of the reporting period

Events in Iraq and Covid-19 are monitored on an ongoing basis and taken into account when assessing the recoverability of investments held in the Company. SFIM has currently no evidence of impairments beyond that recognised at the balance sheet date.

15. Related Party Transactions

The Company's immediate and ultimate parent company is Shell Foundation. The sole member of the Foundation is The Shell Petroleum Company Limited (SPCo). The ultimate parent company of SPCo is Shell plc (formerly Royal Dutch Shell plc).

The directors for the Company are employed by Shell International Limited and Shell International Petroleum Company Limited. The ultimate parent entity of these entities is Shell plc (formerly Royal Dutch Shell plc).

SF Investment Management Limited

Ms Rachel Singh Davies was an officer of Shell Foundation and a director of the Company during the year ended 2021.

There were no material related party transactions during the year 2021. Shell Foundation staff have provided services to the Company with a value of \$0.1m.