

Registered in England and Wales: 4973913

**SHELL SAUDI VENTURES LIMITED**

**DIRECTORS' REPORT**

**AND ACCOUNTS**

**FOR THE YEAR ENDED 31 DECEMBER 2015**

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## **SHELL SAUDI VENTURES LIMITED**

### **STRATEGIC REPORT**

The Directors present their strategic report on Shell Saudi Ventures Limited (also referred to as the "Company") for the year ended 31 December 2015.

The Company is one of the entities within the "Shell Group". In this context the term "Shell Group" and "Companies of the Shell Group" or "Group companies" means companies in which Royal Dutch Shell plc, either directly or indirectly, has control either through a majority of the voting rights or the right to exercise a controlling influence or to obtain the majority of the benefits and be exposed to the majority of the risks. Companies in which Group companies have significant influence but not control are classified as "Associated companies". Royal Dutch Shell plc, a company incorporated in England and Wales, is known as the "Parent Company" of the Shell Group. In this Report "Shell", "Shell Group" and "Royal Dutch Shell" are sometimes used for convenience where references are made to Royal Dutch Shell and its subsidiaries in general. These expressions are also used where no useful purpose is served by identifying the particular company or companies.

### **BUSINESS REVIEW**

The Company is a holding company for a 50% investment in South Rub Al-Khali Company Limited ("SRAK"), a company which was involved in exploration activities in Saudi Arabia. The Company has made a loss for the financial year of USD 278,000 (2014: USD 3,119,000 profit). The major reason for the variance was in 2014 the net release of the provision of USD 4 million.

The entity is currently reporting net assets of USD 933,000 (2014: USD 561,000). During the year, the Company issued 650,000 ordinary shares of USD 1 each amounting to USD 650,000.

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

### **Principal Risks and Uncertainties**

The Shell Group has a single risk based control framework – The Shell Control Framework – to identify and manage risks. The Shell Control Framework applies to all wholly owned Shell companies and to those ventures and other companies in which Royal Dutch Shell has directly or indirectly a controlling interest. From the perspective of the Company, the principal risks and uncertainties affecting the Company are considered to be those that affect the Shell Group. Accordingly, the principal risks and uncertainties of the Shell Group, which are discussed on pages 8 to 12 of Royal Dutch Shell's Annual Report and Form 20-F for the year ended 31 December 2015 (the "Group Report"), include those of the Company. (The Group Report does not form part of this report).

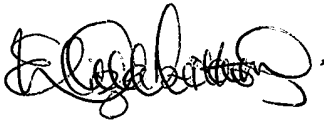
## **SHELL SAUDI VENTURES LIMITED**

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

#### **Key Performance Indicators**

Companies of the Shell Group comprise the Upstream businesses of Exploration and Production, Gas and Power and Oil Sands and the Downstream businesses of Oil Products and Chemicals. The Company's key performance indicators, that give an understanding of the development, performance and position of the business, are aligned with those of the Shell Group. The development, performance and position of the various businesses is discussed on pages 23 to 48 of the Group Report and the key performance indicators through which the Group's performance is measured are as set out on pages 20 to 21 of the Group Report.

By order of the Board



Elizabeth Williams  
Authorised signatory for  
Shell Corporate Secretary Limited  
Company Secretary

28 Sep 2016

## **SHELL SAUDI VENTURES LIMITED**

### **DIRECTORS' REPORT**

The Directors present their report and audited accounts for the year ended 31 December 2015.

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

#### **Dividends**

The Directors recommend that no dividend be paid for the year ended 31 December 2015 (2014: USD nil).

#### **Future Outlook**

The Company has written down the entire investment in South Rub Al-Khali Company Limited (SRAK) as the investment is no longer a profitable or viable investment. SRAK prepared final management accounts as on 30<sup>th</sup> September 2015 and presented to liquidators of SRAK. Liquidation procedures are in progress.

The Directors intend to initiate the liquidation of the Company within the next financial year and accordingly the going concern basis of preparation is no longer considered to be appropriate. No adjustments were required in these financial statements to reduce assets to their realisable values or to provide for liabilities arising from the decision.

#### **DIRECTORS**

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

E.M. Verdonk	Resigned 12 April 2016
F.H. Lemmink	
J. Wilson	
G.J. Archibald	
S. Constant – Glemas	Resigned 12 March 2015

#### **FINANCIAL RISK MANAGEMENT**

The Company's Directors are required to follow the requirements of Shell Group risk management policies, which include specific guidelines on the management of market, credit and liquidity risk, and advice on the use of financial instruments to manage them. Shell Group risk management policies can be found in the Group Report (see pages 74 to 75 and note 19).

## **SHELL SAUDI VENTURES LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Directors are responsible for preparing the Directors' Report, Strategic Report and the Company's accounts in accordance with applicable laws and regulations.

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

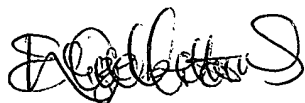
- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- Prepare the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

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

#### **DISCLOSURE OF INFORMATION TO AUDITORS**

All Directors in office at the date of approval of the Directors' report confirm that in so far as each of the Directors is aware, there is no relevant audit information (meaning information needed by the Company's auditors in connection with preparing their report) that has not been disclosed to the Company's auditors. Each of the Directors believes that he or she has taken all steps that ought to have been taken to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board



Elizabeth Williams  
Authorised signatory for  
Shell Corporate Secretary Limited  
Company Secretary  
28 QP 2016

# **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SHELL SAUDI VENTURES LIMITED**

## **Report on the financial statements**

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### **Our opinion**

In our opinion, Shell Saudi Ventures Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 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.

### **Emphasis of matter - Basis of preparation**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1c to the financial statements concerning the basis of accounting. Following the year end the Directors have decided that the company will cease trading during the next financial year. Accordingly, the going concern basis of accounting is no longer appropriate and the financial statements have been prepared on a basis other than going concern as described in note 1 to the financial statements. No adjustments were necessary in these accounts to reduce assets to their realisable values, to provide for liabilities arising from the decision or to reclassify long-term liabilities as current liabilities.

### **What we have audited**

Shell Saudi Ventures Limited's financial statements comprise:

- the Balance Sheet as at 31 December 2015;
- the Profit and Loss Account for the year then ended;
- the Statement of Changes in Equity; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they

have made assumptions and considered future events.

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

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In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

### **Directors' remuneration**

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

## **Responsibilities for the financial statements and the audit**

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### **Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SHELL SAUDI VENTURES LIMITED (continued)**

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **What an audit of financial statements involves**

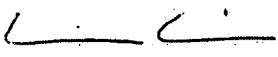
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

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

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

In addition, we read all the financial and non-financial information in the Directors' Report and Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



**Lorraine Quinn (Senior Statutory Auditor)**

for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Glasgow

29 September 2016

**SHELL SAUDI VENTURES LIMITED****PROFIT AND LOSS ACCOUNT****For the year ended 31 December 2015**

<b>Discontinued operations</b>	<b>Note</b>	<b>2015 USD '000</b>	<b>2014 USD '000</b>
Administrative expenses	3	(317)	-
Other income		-	3,499
<b>OPERATING (LOSS)/PROFIT</b>		<b>(317)</b>	<b>3,499</b>
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION</b>		<b>(317)</b>	<b>3,499</b>
Interest payable and similar charges	4	-	(53)
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	3	<b>(317)</b>	<b>3,446</b>
Tax on (loss)/profit on ordinary activities	5	39	(327)
<b>(LOSS)/PROFIT FOR THE YEAR</b>		<b>(278)</b>	<b>3,119</b>

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

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

**SHELL SAUDI VENTURES LIMITED**  
**REGISTERED IN ENGLAND AND WALES: 4973913**  
**BALANCE SHEET**  
**As at 31 December 2015**

	Note	2015 USD '000	2014 USD '000
<b>FIXED ASSETS</b>			
Investments	6	-	-
<b>CURRENT ASSETS</b>			
Debtors	7	1,024	1,273
		1,024	1,273
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	8	(91)	(127)
<b>PROVISION FOR LIABILITIES</b>	9	-	(585)
<b>NET CURRENT ASSETS</b>		933	561
<b>NET ASSETS</b>		933	561
<b>EQUITY</b>			
Called up share capital	10	677,351	676,701
Profit and loss account		(676,418)	(676,140)
<b>TOTAL EQUITY</b>		933	561

The accounts on pages 7 to 17 were approved by the Board of Directors on 16 September 2016 and were signed on its behalf by:



G.J. Archibald  
Director



**SHELL SAUDI VENTURES LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**

**For the year ended 31 December 2015**

	<b>Called-up Share Capital USD '000</b>	<b>Retained earnings USD '000</b>	<b>Total USD '000</b>
<b>Balance as at 1 January 2014</b>	653,201	(679,259)	(26,058)
Proceeds from shares issued	23,500	-	23,500
Profit for the year	-	3,119	3,119
<b>Balance as at 1 January 2015</b>	676,701	(676,140)	561
Proceeds from shares issued	650	-	650
Loss for the year	-	(278)	(278)
<b>Balance as at 31 December 2015</b>	677,351	(676,418)	933

**SHELL SAUDI VENTURES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2015**

**General company information**

The Company is a limited company, which is incorporated in England and Wales. The registered office is:

Shell Centre  
London SE1 7NA  
United Kingdom (UK)

**1. Summary of significant accounting policies**

**a) Basis of preparation**

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

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

The accounting policies have been consistently applied.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

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

- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of paragraph 79(a)(iv) of IAS 1 'Presentation of financial statements'
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - (i) 10(d), (statement of cash flows);
  - (ii) 16 (statement of compliance with all IFRS);
  - (iii) 38A (requirement for minimum of two primary statements, including cashflow statements);
  - (iv) 38B-D (additional comparative information);
  - (v) 111 (cash flow statement information); and
  - (vi) 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows'
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)

# **SHELL SAUDI VENTURES LIMITED**

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

**For the year ended 31 December 2015**

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

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

- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more wholly owned members of a group.

#### **b) Consolidation**

Group accounts of the Company and its subsidiary undertakings and its participating undertakings have not been prepared. The Company is exempt from the requirement to prepare group accounts under the provisions of Section 400 of the Companies Act 2006. The accounts present information about the Company as an individual undertaking and not about its group.

The immediate parent companies are Shell Austria Gesellschaft.m.b.h holding 67%, a company registered in Austria, and B.V. Dordtsche Petroleum Maatschappij holding 33%, a company registered in the Netherlands.

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

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

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

#### **c) Fundamental accounting concept**

The Balance Sheet at 31 December 2015 reports a net asset of USD 933,000 (2014: net asset of USD 561,000). The Directors intend to initiate the liquidation of the Company within the next financial year and accordingly the going concern basis of preparation is no longer considered to be appropriate. No adjustments were required in these financial statements to reduce assets to their realisable values or to provide for liabilities arising from the decision.

#### **d) Taxation**

##### **(i) Corporation Tax**

The Company records a tax charge or credit in the 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, or for group relief to surrender to or to be received from other Group undertakings, and for which payment may be requested.

# **SHELL SAUDI VENTURES LIMITED**

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

**For the year ended 31 December 2015**

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

#### **e) 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' (USD), which is also the Company's functional currency.

##### **(ii) Transaction and balances**

Income and expense items denominated in foreign currencies are translated into US Dollars 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 year end. Differences on translation are included in the profit and loss account. Non-monetary assets and liabilities denominated in a foreign currency are translated using exchange rates at the date of transaction. No subsequent translations are made once this has occurred.

Foreign currency amounts have been translated at USD 1.4829: £ 1 (2014: USD 1.5574: £ 1), being the relevant exchange rate prevailing at the balance sheet date.

#### **f) Financial assets**

##### **(i) Classification**

The Company classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

##### **1. Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current investments.

##### **2. Loans and receivables**

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

# **SHELL SAUDI VENTURES LIMITED**

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

**For the year ended 31 December 2015**

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

#### **f) Financial assets (continued)**

##### **(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 carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the profit and loss account. 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. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and trade and other receivables are subsequently carried at amortised cost using the effective interest method, less any provision for impairment.

#### **g) 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.

All financial liabilities are held at amortised cost.

##### **(ii) Recognition and measurement**

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

#### **h) Investment in subsidiaries and participating undertakings**

The investments in subsidiaries and participating undertakings are stated at cost, less provisions for impairment. The Company carries out a review for the potential impairment of an investment 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 IAS 36. Any impairments are recorded in the profit and loss account.

#### **i) Provisions**

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are recognised at management's best estimate of the expenditure expected to settle the present obligation. Non-current amounts are discounted at a rate intended to reflect the time value of money. The present value is calculated using amounts discounted at a pre-tax rate over the period to the date the obligation is expected to be settled.

## **SHELL SAUDI VENTURES LIMITED**

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

**For the year ended 31 December 2015**

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

##### **j) Netting-off policy**

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

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

##### **k) Related party disclosures**

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

#### **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 the extent of any impairment or its reversal, management review a range of measures relating to the underlying entity's performance, including the net present value of future cash flows. These judgements of management are subject to change as new information becomes available. Changes in economic conditions can also affect the judgements made.

#### **3. (Loss)/Profit on ordinary activities before taxation**

The Company had no employees during 2015 (2014: none).

None of the Directors received any emoluments in respect of their services to the Company (2014: none.)

Administrative expenses includes, the release of a provision for costs made in 2014 amounting to USD 585,000 (in relation to the SRAK investment following the decision by the Company to extract itself from this investment), amounts written off on investments amounting to USD 650,000 and other management expenses amounting to USD 193,000.

The Auditors' remuneration of £12,665 (2014: £13,155) in respect of the statutory audit was borne by other group companies for both the current and preceding years.

Fees paid to PricewaterhouseCoopers LLP and its associates for non-audit services to the Company itself are not disclosed in the individual accounts of Shell Saudi Ventures Limited because the Royal Dutch Shell plc consolidated accounts are required to disclose such fees on a consolidated basis.

**SHELL SAUDI VENTURES LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)****For the year ended 31 December 2015****4. Interest payable and similar charges**

	2015 USD '000	2014 USD '000
Loss on currency translation	-	53

**5. Tax on (loss)/profit on ordinary activities****(a) Tax (credit)/charge included in profit or loss**

The tax credit for the year of USD 39,119 (2014: charge of USD 326,505) is made up as follows:

	2015 USD '000	2014 USD '000
UK corporation tax credit on results for the period	(39)	(67)
Adjustments in respect of prior years	-	394
Total current tax charge	(39)	327

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

The tax assessed for the year differs from the standard effective rate of corporation tax in the UK of 20.25% (2014: 21.5%). The differences are explained below:

	2015 USD '000	2014 USD '000
(Loss)/profit on ordinary activities before taxation	(317)	3,446
Tax on (loss)/profit on ordinary activities at standard UK corporation tax rate of 20.25% (2014: 21.5%)	(64)	741
Effects of:		
Income not assessable	-	(4,902)
Expenses not deductible	25	4,094
Adjustments in respect of prior years	-	394
Total tax on (loss)/ profit on ordinary activities	(39)	327

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

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

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

**SHELL SAUDI VENTURES LIMITED**

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

**For the year ended 31 December 2015**

**6. Investments**

	<b>Participating undertaking Shares USD '000</b>
<b>Cost</b>	
Balance at 1 January 2015	649,783
Additions	650
Balance at 31 December 2015	650,433
<b>Amounts provided</b>	
Balance at 1 January 2015	(649,783)
Additions	(650)
Balance at 31 December 2015	(650,433)
<b>Net book amount</b>	
At 31 December 2015	-
At 31 December 2014	-

The investment relates to a holding of ordinary shares of South Rub Al-Khali Company Limited, an exploration joint venture in Saudi Arabia. Information pursuant to SI 2008/410 Schedule 4 is as follows:

	<b>Country of incorporation</b>	<b>Class of share</b>	<b>Principal activity</b>	<b>% of shares held directly</b>
South Rub Al-Khali Company Limited	Bermuda	Ordinary	Exploration	50%

An impairment review has been performed and the investment has been written down to nil in both 2014 and 2015, following the decision by the shareholders of SRAK to cease commercial operations on 10 November 2013. The full amounts provided for are disclosed in note 9.

**7. Debtors**

	<b>2015 Within 1 Year USD '000</b>	<b>2014 Within 1 Year USD '000</b>
Amounts owed by Group undertakings:		
Fellow subsidiary undertakings	986	272
Tax receivable	38	-
Other debtors	-	1,001
	1,024	1,273

**SHELL SAUDI VENTURES LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)****For the year ended 31 December 2015****8. Creditors: amounts falling due within one year**

	<b>2015</b>	<b>2014</b>
	<b>USD '000</b>	<b>USD '000</b>
Amounts owed to Group undertakings:		
Fellow subsidiary undertakings	61	1
Tax payable	-	126
Accruals and deferred income	30	-
	<u>91</u>	<u>127</u>

**9. Provisions for liabilities**

	<b>2015</b>
	<b>USD '000</b>
Balance at 1 January 2015	585
Release of provision	<u>(585)</u>
Balance at 31 December 2015	<u>-</u>

As disclosed in note 6, following the decision by the shareholders of SRAK to cease commercial operations, a provision for liabilities of the Company's contractual commitment to fulfill its obligations towards South Rub Al-Khali Company Limited up to the point that the agreement is terminated was created in 2013. This amount was partially utilised in 2014 and the balance amount is utilised in 2015. There were no provisions created in 2015 as SRAK prepared final management accounts as on 30<sup>th</sup> September 2015 and presented to liquidators of SRAK. Liquidation procedures are in progress.

**10. Called up share capital**

	<b>2015</b>	<b>2014</b>
	<b>USD '000</b>	<b>USD '000</b>
Authorised		
677,350,616 (2014: 676,700,616 ) ordinary shares of USD 1 each	<u>677,351</u>	<u>676,701</u>
Allotted and fully paid		
677,350,616 (2014: 676,700,616) ordinary shares of USD 1 each	<u>677,351</u>	<u>676,701</u>

During the year 650,000, ordinary shares were issued for cash. The nominal value of these shares was USD 1 and the consideration received was USD 650,000.

**11. Guarantees provided by other Shell Companies**

Shell Petroleum N.V. a company of Royal Dutch Shell plc, has guaranteed the performance of obligations of SRAK towards the Government of the Kingdom of Saudi Arabia. Based on the withdrawal process and Government acceptance, the Company is of the opinion that SRAK has completed its obligations and commitments up to the withdrawal confirmation. Shell Petroleum N.V. will attempt to seek the formal release of this guarantee.

**12. Financial commitments**

At 31 December 2015, the Company had no (2014: nil) financial commitments, other than those shown on the Balance Sheet, towards its investment in South Rub Al-Khali Limited.