

Shell Foundation

(a company limited by guarantee)

Report of the trustees and financial statements for the year ended 31 December 2014

Company Registered Number: 4007273
Charity Registered Number: 1080999

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Additional copies of this report, the reports for prior years and further information regarding the activities of Shell Foundation may be obtained from the following web site:

www.shellfoundation.org

Trustees, directors, officers and advisors

Trustees (who are also directors)

The trustees of the charity who were in office during the year and up to the date of signing the financial statements were:

Mr Malcolm Brinded, CBE	Chairman, Nominated Trustee	
Mr Ben van Beurden		
Mr Hugh Mitchell		Appointed 1 May 2013
Lord Mark Malloch-Brown	Nominated trustee	
Dr William Kalema	Nominated trustee	
Prof Louise Fresco	Nominated trustee	Resigned 1 March 2014
Mr Peter Voser		Resigned 30 July 2013
Mr Maxime Verhagen	Nominated trustee	Appointed 11 June 2014

Principal Officers

Dr Chris West	Director	Resigned 16 February 2015
Mr Sam Parker	Director	Appointed 16 February 2015
Shell Corporate Secretary Ltd	Secretary	
Ms Amanda Burston	Finance Manager	

Registered Office

Shell Centre
York Road, London
SE1 7NA

Independent Auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Bankers

Lloyds Bank plc
25 Gresham Street
London EC2V 7HN

Investment Custodian

JP Morgan Chase Bank
60 Victoria Embankment
London EC4Y 0JP

Report of the trustees for the year ended 31 December 2014

The trustees, who are also directors of the company for the purpose of the Companies Act, present their annual report and the audited financial statements for the year ended 31 December 2014.

The information with respect to trustees, directors, officers and advisors set out on page 3 forms part of this report. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association, applicable Accounting Standards in the United Kingdom, the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005 and the Charities Act 2011.

Status and Administration

Shell Foundation ('the Foundation') is a charitable company limited by guarantee, incorporated on 31 May 2000 (company registration number 4007273) and registered with the Charity Commission as a charity on 2 June 2000 (charity registration number 1080999). Since 14 February 2008, the Foundation has had charity registration with the tax authorities in The Netherlands (as an *algemeen nut beogende instelling*, registration number 823793059). The Foundation is also registered in the United States of America under section 501(c)(4) of the Internal Revenue Code, identification number 98 0368454.

Structure, Governance and Management

Governance and Internal Controls

The trustees are appointed by the sole member of the Foundation (The Shell Petroleum Company Limited), in consultation with the existing trustees.

New trustees are provided with information on trustee guidelines as prepared by the Charity Commission, and information on the Foundation as appropriate. Briefing discussions are held with the Director of the Foundation and other key staff. Trustees are requested annually to confirm any related party transactions.

The trustees meet formally twice each year. They review and approve:

- A strategic plan and annual budget for the Foundation.
- The Foundation's financial results, variances from budget, investment performance, and non-financial performance indicators.
- Internal controls (including delegation of authorities and segregation of duties).
- Risks associated with the Foundation's activities and appropriate mitigation measures in respect of those risks.
- The team's performance against pre-determined annual targets.
- Certain actions that are above the authority level of the Director or Management Team.

The trustees have delegated operational management of the Foundation to the Director, who reports on the performance against the strategic plan and budget as approved by the trustees.

Report of the trustees (continued) for the year ended 31 December 2014

Statement of Trustees' Responsibilities

The trustees (who are also directors of Shell Foundation for the purposes of company law) are responsible for preparing the Trustees' Annual Report (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements 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 financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Relationship with the Shell Group

To ensure clarity in the relationship of the Foundation to Royal Dutch Shell plc and its subsidiaries ('Shell Group'), the Board of Trustees includes independent members who have no direct relationship with the Shell Group, known as the 'Nominated Trustees'. They are selected for their experience of and eminence in the Foundation's field of activities and its objectives.

In addition, the trustees explicitly recognise their charitable responsibilities in this regard by stating formally in the Shell Foundation's Business Principles that the charity's activities will always be consistent with achieving its mission and cannot promote the commercial interests of the Shell Group, and that any benefit that may accrue to the Shell Group from the Foundation's activities will be incidental and outweighed by the contribution to the Foundation's charitable objectives. The Foundation operates an assurance system to identify, assess and validate this.

The Foundation was formally incorporated on 31 May 2000 and registered as a charity on 2 June 2000. Between incorporation and 31 December 2000, donations of US\$259m were received from Shell Group companies, of which US\$256m was in the form of an expendable endowment and the balance as unrestricted funds. In addition to the endowment, the Foundation has received unrestricted and restricted donations from the Shell Group until 2014 totalling US\$209m, and will receive further donations in 2015.

Report of the trustees (continued) for the year ended 31 December 2014

Grant Commitments

The Foundation identifies strategic partners it wants to support in order to further its charitable purposes for the public benefit, and does not encourage the submission of unsolicited grant applications.

As part of its risk control framework, the Foundation conducts due diligence assessments of these prospective grantees (grant recipients) prior to awarding grants to confirm that, at the time of grant approval, there is an expectation that the project is likely to be successful and, therefore, that the grant commitment will be paid in full. Grants are assessed and approved by the Board of Trustees or Management Team.

Certain milestones must be met by the grantee to receive scheduled grant payments to ensure they remain aligned to the Foundation's charitable objectives. The expectation upon signing the Letter of Commitment (LOC) is that the grantee will be able to achieve the milestones. Progress against milestones is monitored, based on reports from the grantee, and where a grantee does not meet a milestone the payment of that instalment of the grant may be deferred until such time as the milestone has been met.

Social Investments

Grant funding continues to be our standard mechanism for early support to partners. Other forms of social investment will be considered, but only in relation to the scale-up of existing Foundation strategic partners and in ways that have additionality (e.g. leveraging support from other investors), and this may include convertible grants, repayable grants/loans, fund investments, equity and guarantees. All proposed non-grant social investments will be subject to approval by the Board of Trustees regardless of size.

Report of the trustees (continued) for the year ended 31 December 2014

Objectives and Activities for the Public Benefit

The primary objectives of the charity are stated in its governing document and include:

1. The protection and preservation of the environment and public health by means of education and research into the provision and use of energy in ways that reduce or eliminate harmful emissions. *The Foundation has pursued this objective via grants made through its Access to Energy, Sustainable Mobility and SME Job Creation programmes.*
2. The advancement of education of young persons and adults. *This objective was not the focus of a specific programme in 2014.*
3. The establishment in life of young persons aged not more than 30 years. *This objective was not the focus of a specific programme in 2014.*
4. The relief of poverty, suffering, hardship and distress. *This objective has been furthered via grants made through all the Foundation's programmes.*

These objectives have been met through the activities described on the following pages.

The trustees confirm they have complied with the guidance contained in the Charity Commission's general guidance on public benefit in section 4 of the Charities Act 2011 when reviewing the Foundation's aims and objectives and when considering grants to be awarded. The Foundation's Articles permit it to make grants to further these objectives anywhere in the world, and its policy is to act as a truly international grant-making foundation. It is not the Foundation's practice to support:

- Capital schemes for building construction, purchase or renovation, or land purchase, other than where intrinsic to a wider project within the programme areas.
- Endowments, debt reduction and fund-raising campaigns.
- Projects with political or religious objectives.
- Normally, funding for individual study tours or attendance at conferences.

The activities carried out to meet these objectives are summarised in the Strategic Report below.

Strategic Report

Achievements and Performance

The achievements and performance of the charity are detailed on the following pages.

Report of the trustees (continued) for the year ended 31 December 2014

Access to Energy

Energy is the bedrock of inclusive economic growth, Nearly two billion people lack access to reliable and affordable modern energy – severely constraining their health, education and earning potential. Of this group, 60% live entirely without electricity for cooking, lighting and heating at home, for community services, or for improving the productivity of small businesses and farms. In 2014 SF published a new report, **Accelerating Access to Energy**, outlining its 14-year journey to create and scale new energy solutions that provide modern power to low-income consumers in under-served areas.

This programme aims to build a viable market for affordable off-grid energy solutions. SF co-creates and supports the scale-up of pioneering social enterprises and market enablers (such as supply chain or financial intermediaries), to increase the availability of modern energy services to low income consumers in ways that are financially viable and scaleable. Our geographic focus is India, Africa and Latin America. In addition, the programme aims to create significant reductions in carbon emissions.

<i>Objectives</i>	<i>Activities undertaken</i>	<i>Achievements</i>	<i>Future plans</i>
Work directly with a small number of selected social entrepreneurs providing access to affordable modern energy products and services – providing the business skills and capital required for their start-up and viable growth.	SF's continued partnership with the Department for International Development provided R&D investment into SF partners d.light and M-KOPA to help them commercialise a new range of affordable energy products. SF supported clean cookstove manufacturer Envirofit (EF) to develop lower cost products, further scale-up & attract future investment.	d.light has improved over 42 million livelihoods across 60 countries and 2014 developed the world's cheapest solar light, retailing for US\$5. Over 0.5 million people have benefited from M-KOPA's 'pay as you go' solar home system. In 2014, they launched a higher power system and were awarded "New Energy Pioneers" by Bloomberg New Energy Finance. EF have sold over 850,000 clean cookstoves across 45 countries and impacted 4.25 million people and in 2014 launched the EconoFire & EconoChar new 'lower cost' household stoves.	Continue to support partners to attract talent, leverage investment, foster demand and build efficient systems/ processes to scale their businesses across India, Africa and Latin America in 2015. Work with partners to expand distribution partnerships and create new channels to improve accessibility of energy products at the rural last mile.
Catalyse the growth of the SME energy sector by creating intermediaries to provide business skills and access to finance for energy entrepreneurs.	SF supported the growth & scale-up of new financial intermediaries to address key funding gaps in the market. SF secured a restricted donation from USAID to accelerate the innovation of affordable energy solutions for low-income consumers through three new incubation vehicles.	IntelleGrow secured US\$4.5m investment – increasing their ability to provide debt financing to 250 Indian impact businesses by 2016. SF helped responsAbility to structure and fundraise US\$27m for a new working capital fund to catalyse the growth of companies providing affordable energy to low-income consumers. Factor(E) has built their organisational capacity and made several investments into innovative energy solutions.	Leverage funding into SF partner BIX Fund – an independent carbon pre-financing facility and support the launch of the fund (expected to impact over 20 million people in the next three years).

Resources expended:

	2014	2013
	\$000	\$000
Grants	10,135	11,938
Direct costs	1,488	1,333
Support costs	566	764
Total	12,189	14,035

Report of the trustees (continued) for the year ended 31 December 2014

Sustainable Mobility

This programme focuses on the sustainable movement of people and goods in developing country cities. The health impact of local air pollution, road traffic crashes, high levels of greenhouse gas emissions and an inability to move effectively, are making cities in emerging markets “unliveable” and placing economic growth in jeopardy. Over 50% of the world’s population now live in cities, with a fast growing number of megacities, each having more than 10 million residents. The urban poor suffer particularly from the impacts of congestion and pollution. In 2002, SF co-founded **EMBARQ** that acts as a specialist network of mobility experts, driving the implementation of sustainable urban transport solutions.

Between 2012-2050 it is estimated the freight sector will increase by 350-550% creating a disproportionate environmental impact in emerging markets. In Asia alone, only 9% of vehicles are trucks, but these contribute to 54% of transport CO₂ emissions. In 2013 SF co-founded **Smart Freight Centre (SFC)** as a global intermediary in the freight sector to reduce CO₂ emissions and improve fuel efficiency in emerging markets.

<i>Objectives</i>	<i>Activities undertaken</i>	<i>Achievements</i>	<i>Future plans</i>
Deepen EMBARQ’s impact in China and support their global expansion by developing a low-cost model that accelerates the number of cities they impact.	SF provided additional resources to support the growth of EMBARQ globally and appointed a SF China country manager to help EMBARQ leverage networks, deepen their presence and increase impact.	To date EMBARQ has served 5.5 billion passengers and saved 2.95 million tonnes of CO ₂ emissions to date. In 2014 EMBARQ signed an MOU with Beijing Municipal Commission of Transport to develop a city Low Emissions Zone and partnered with China’s 4th largest city to expand its sustainable mobility infrastructure.	Grow EMBARQ’s global impact by scaling their China programme and increasing the number of their city interventions.
Build SFC’s organisational capacity, engage key stakeholders and establish a new framework in the global freight sector to reduce emissions and improve fuel efficiency at scale.	SF provided core funding and business support to build organisational capacity and helped establish SFC governance and operational structure.	SFC was selected to lead the Global Logistics Emissions Council – a global industry body set up to develop a single universal framework for emissions measurement, labelling and reporting.	Establish SFC’s new ‘global framework’ as a key tool to calculate and measure emissions and implement a business model to increase adoption of fuel efficient technologies in China.
Pilot innovative business models and incubate new enterprises that continue to increase mobility of people in cities and reduce environmental impact of the freight sector.	Working in partnership with EMBARQ India, SF hosted the Rickshaw Rising challenge contest and, in partnership with Factor(E) Ventures, identified potential sustainable mobility enterprises for further incubation.	SF established a partnership with social enterprise, Lightning Hybrids, to support the commercial development of an innovative, fuel-saving technology for buses and trucks that reduces harmful emissions and air pollutants.	Increase portfolio of innovative sustainable mobility enterprises.

Resources expended:	2014	2013
	\$000	\$000
Grants	889	2,552
Direct costs	269	172
Support costs	56	157
Total	1,214	2,881

Report of the trustees (continued) for the year ended 31 December 2014

Sustainable Job Creation

Small and medium-sized enterprises (SMEs) in developing countries struggle to obtain finance from risk-averse local banks as they lack the collateral, track record or skills. Yet the SME sector is absolutely vital to the economic development of poor countries.

Shell Foundation's Sustainable **Job Creation** programme focuses on supporting under-served SMEs in developing countries to drive job creation and economic growth. Shell Foundation has a long-term strategic partnership with GroFin – a specialist financier and developer that assists start-up and early stage growth SMEs through the integrated provision of business development assistance and appropriate finance. Together, Shell Foundation and GroFin are promoting a new asset class called 'Growth Finance' as a self-financing driver of inclusive growth.

<i>Objectives</i>	<i>Activities undertaken</i>	<i>Achievements</i>	<i>Future plans</i>
Provide governance and advisory support to ensure successful deployment of GroFin SME funds in Africa and the Middle East.	SF played an active strategic and governance role to support GroFin to manage funds and secure new financial commitments.	GroFin now provides finance to SMEs across 12 countries in Africa and the Middle East. They have invested US\$162m into 547 businesses, and as a result created and maintained 17,000 jobs.	SF will continue to provide governance and capacity-building support to maintain GroFin's growth and attract long-term funding to support and sustain SME funds.
Together with GroFin, create a new innovative business model to attract long-term funding to support and sustain SME funds.	SF and GroFin collaborated to develop a new Small and Growing Business (SGB) Fund with a tiered capital structure to meet a wider range of investors risk/return expectations supporting the SME sector.	With support from SF the new fund has attracted US\$21m of investment and US\$2.3m of grant funding.	Support GroFin to achieve its mission to scale-up the SGB Fund – with the aim to generate 75,000 jobs benefiting more than 1.2 million people.
Support fund-raising to scale the new Middle East SME fund (called Nomou) activities in Jordan, Oman, Iraq and Egypt.	Together with GroFin SF have built the operational capacity of Nomou in Jordan, Oman, Egypt and Iraq and engaged with investors to attract long-term investment. By September 2014, US\$8.35m was invested in 14 SMEs.	SF obtained in principal approval for a restricted donation from USAID making a commitment to provide US\$30m of grant funding over five years to support the scale-up of Nomou in Iraq, first year US\$4m.	Support GroFin to attract investment at a national level and provide advisory support to secure new implementation partners.

Resources expended:	2014	2013
	\$000	\$000
Grants	16,270	16,805
Direct costs	325	363
Support costs	808	989
Total	17,403	18,157

**Report of the trustees (continued)
for the year ended 31 December 2014**

Incubator

The **Incubator** programme aims to test a diverse range of innovative projects to identify which, if any, offer the potential to be both sustainable and scaleable solutions that will increase access to energy and improve sustainable mobility in emerging countries. We highlight below information on key activities supported through the programme.

<i>Objectives</i>	<i>Activities undertaken</i>	<i>Achievements</i>	<i>Future plans</i>
Maintain a limited portfolio of Incubator projects that add value to existing programmes or represent solution-orientated approaches to issues consistent with SF's mission.	SF has been seeking innovative sustainable energy solutions to better serve the energy demand of SMEs and community services.	In 2014, SF partnered with Redavia, an innovative business that has created preassembled hybrid solar farms available on a rental basis (integrating with existing diesel gensets) – improving the energy efficiency of rural industry.	Increase support to develop next generation solar/diesel hybrid which will increase efficiencies by 80%, and support Redavia expansion into energy for community needs.
	To catalyse market growth for off-grid lighting, SF assessed the need for an industry body to advise on policy, consolidate market data and create industry-wide standards.	In 2014, SF partnered with the Global Off Grid Lighting Association to develop its 2015-2020 strategy and build organisational capacity to support the growth of the sector.	Continue active involvement with a limited portfolio of Incubator projects.
	SF has been exploring opportunities to increase 'access to markets' for social enterprises delivering energy products.	SF developed a partnership with Logistimo, to pilot a 'mobile based' last mile logistics distribution model that connects customers with people that have their own transport to carry goods from one location to another.	Maintain support to current pilot partners to expand the reach of SF programmes, test new models and develop capacity- building intermediaries to support the growth of new inclusive markets.

Resources expended:	2014 \$000	2013 \$000
Grants	1,644	2,790
Direct costs	146	132
Support costs	87	168
Total	1,877	3,090

Report of the trustees (continued) for the year ended 31 December 2014

Details of all grants awarded in the year ended 31 December 2014 are listed in the table below. The balance on the grants committed but not paid as at 31 December 2014 will be payable in subsequent financial years (see notes 4, 15 and 16).

<u>Programme</u>	<u>Grantee</u>	<u>Total Funding \$000</u>	
Sustainable Job Creation	GroFin MENA <i>Phase 3: Business development assistance</i>	3,000	
	GroFin MENA <i>Termination</i>	(230)	
	GroFin MENA <i>Phase 3: Financing SMEs</i>	11,000	
	GroFin MENA <i>Operational support to SGBs in Africa</i>	2,500	
		16,270	
Sustainable Mobility	CTS EMBARQ Mexico <i>Mexico transport demand management consultancy</i>	30	
	CTS EMBARQ Mexico <i>Termination</i>	(30)	
	World Resources Institute <i>EMBARQ 2014 funding</i>	750	
	World Resources Institute <i>SME Mobility Ecosystem</i>	139	
		889	
Access to Energy	Calvert Social Investment Foundation <i>Calvert Foundation Partnership</i>	1,000	
	Berkeley Air Monitoring Group <i>M&E: HM-5000 Honduras responsAbility</i>	135	
	Energy Access Fund	1,000	
	Envirofit International <i>Repayable grant</i>	250	
	Factor(E) Ventures <i>Scale-up 2015</i>	2,500	
	Husk Power Systems <i>Turnaround plan</i>	750	
	M-KOPA Services LLC <i>Scaling the model</i>	4,500	
			10,135

Report of the trustees (continued) for the year ended 31 December 2014

<u>Programme</u>	<u>Grantee</u>	<u>Total Funding \$000</u>	
Incubator	Logistimo India Private Ltd <i>Distribution network in rural markets</i>	262	
	IntelleCap <i>Replication in East Africa</i>	185	
	Global Off-Grid Lighting Association <i>Building core capacity</i>	279	
	AutoRaja Mobility Solutions <i>Rickshaw Rising challenge</i>	29	
	Three Wheels United India Services <i>Rickshaw Rising challenge</i>	29	
	Ubida Solutions Pvt Ltd <i>Rickshaw Rising challenge</i>	57	
	The Environment Bank Ltd <i>Scaling-up EBL</i>	523	
	Natural World Ltd <i>Transist energy incubator</i>	280	
		1,644	
	Policy & Advocacy	Asia Venture Philanthropy Network <i>Accelerating VP in India/China</i>	260
		IntelleCap <i>Sankalp Forum</i>	85
		Forum for the Future <i>Scaling-up impact</i>	253
		598	
Total grants awarded in 2014		29,536	

Note: Negative amounts represent a reduction, usually due to the project being completed for less than the grant total originally awarded, or due to the termination of a grant by mutual agreement.

Report of the trustees (continued) for the year ended 31 December 2014

Financial Review

Financial Activities

The Statement of Financial Activities is set out on page 18 of the financial statements.

Principal Funding Sources

The Foundation's annual grant programmes are funded by distributions from its endowment fund. Shell Group made unrestricted donations of US\$6m in 2014, approved some funding for 2015, and agreed 'in principle' to funding beyond this in the event that the endowment does not generate sufficient income for the charity to achieve its objectives and maintain impact.

Reserves

The Foundation holds an endowment reserve to sustain the funding of its annual programmes. The trustees adopted a new investment policy in 2011, which aims to maintain the real value of both distributions and the endowment asset value.

The Foundation's policy for unrestricted reserves is to maintain reserves at a level such that the cash on hand is sufficient to meet payments due in the next six months and any contingent liabilities. This level will be maintained by liquidating expendable endowment assets as and when required and building flexibility into our expenditure plans for future years to avoid compromising our long-term financial objectives. At 31 December 2014 the cash on hand exceeded payments due in the next six months by US\$4.8m. The Foundation drew down US\$17m from the endowment during the year. The reserve policy is reviewed at least annually. At the year end the restricted funds were in deficit due to timing differences between recognition of income and expenditure commitments.

Endowment Investment Policy and Performance

In 2011, following a review of the investment objectives and strategy, the trustees adopted a new investment policy, which aims to maintain the real value of both distributions and the endowment asset value. To achieve this, the endowment is invested in a diversified asset allocation of global equities, hedge funds and fixed income funds. In order to mitigate the risk associated with investing globally in multiple currencies, the investment portfolio is partially hedged back to the Foundation's functional currency of US Dollars (by the investment manager) through the use of forward foreign exchange contracts.

2014 was another positive year for Shell Foundation's investment portfolio. Overall, total portfolio performance came in at 3.5%. All asset categories had positive returns for the year.

The Foundation's overall investment portfolio performance was more or less in line with the benchmark return of 3.3%. The total return on the equity portfolio was 1.6%. The equity portfolio is invested in securities in Europe, North America, the Pacific and Emerging Markets. The approach is passive, wherein the indices designed by Morgan Stanley Capital International (MSCI) are replicated. North America was the strongest performer, with a total return of 12.5%. The other regions (in US Dollar terms) showed moderately negative returns, mainly as a result of the fact that many foreign currencies weakened against the US Dollar were not hedged.

The fixed income portfolio showed a strong return of 6.8%, which is exactly in line with the benchmark. The portfolio is invested in sovereign securities in the global pool, as well as credit instruments in the credit pool. The Foundation also holds 25% of its fixed income portfolio in very short dated US treasury paper in order to make the overall fund less sensitive to interest rate increases in the US.

The hedge fund portfolio returned 4.1%, outperforming its benchmark by 0.9%, mainly as a result of the strong performance of strategies that take positions on global macro factors.

The Foundation also holds programme related investments, which are held for charitable along with financial returns.

Report of the trustees (continued) for the year ended 31 December 2014

Plans for Future Periods

See the review of achievements and performance on pages 8 to 11 for details of future plans.

Principal Risks and Uncertainties

The trustees have identified the major risks to which the Foundation is exposed. The level of exposure for each risk is assessed by considering the likelihood of occurrence, the potential consequences of occurrence and the effectiveness of existing controls in place to mitigate the risk. The trustees review these assessments at least twice a year, at their board meetings

Of the 10 key risks identified, none is currently regarded as posing an unacceptable residual exposure. One key area of risk for the Foundation is the reliance on strategic partners to take programmes forward and build both developmentally sound and financially viable businesses. This risk continues to be managed through the careful selection process for new strategic partners, and ongoing management of existing partners.

Financial Risk

Another key risk is the performance of the endowment fund, particularly after the losses incurred during 2008 and as the Foundation must rely on its endowment for unrestricted income. In response to this risk, the trustees implemented new investment objectives in 2011. They also secured agreement from the member to provide additional 'top-up' unrestricted donations until at least 2016 in the event that the endowment does not generate sufficient returns to achieve the Foundation's objectives and maintain impact.

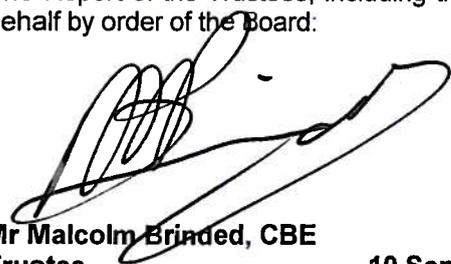
The Foundation also has programme related investments where funding has been provided by way of social investment rather than grant. The key financial risk associated with these investments is cash flow risk around the size, timing and reliability of returns. This cash flow risk is mitigated by regular monitoring of the investments and taking a prudent approach with respect to these returns in our cash flow forecasting.

Independent Auditors

The sole member approved the adoption of Elective Resolutions on 28 March 2001, in accordance with the Companies Act 2006, to dispense with (a) the holding of Annual General Meetings, (b) the laying of report and financial statements before general meetings each year, and (c) the annual re-appointment of auditors.

PricewaterhouseCoopers LLP accordingly shall continue as Independent Auditors of Shell Foundation pursuant to section 386(2) of the Companies Act 2006. In accordance with the Companies Act 2006, any Member or the Auditors may require the report and financial statements to be laid before a general meeting by depositing a notice to that effect at the registered office of the Foundation not later than 28 days after the despatch of the financial statements and reports to Members.

The Report of the Trustees, including the Strategic Report, were approved by the trustees and signed on their behalf by order of the Board:



Mr Malcolm Brinded, CBE
Trustee

10 September 2015

Independent auditors' report to the member of Shell Foundation

Report on the Financial Statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2014 and of its incoming resources and application of resources, including its income and expenditure and cash flows 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Shell Foundation, comprise:

- the balance sheet as at 31 December 2014;
- the statement of financial activities and the summary income and expenditure account for the year then ended;
- the cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the trustees 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.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("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 trustees; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Report of the Trustees and financial statements 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.

Independent auditors' report to the member of Shell Foundation (continued)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Trustees, including the Strategic 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

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.

Trustees' remuneration

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 5, the trustees 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the charity's member and trustees 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.



Ross Hunter (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
11 September 2015

Statement of financial activities for the year ended 31 December 2014

Company Registered Number: 4007273

	Note	Unrestricted Funds 2014 \$000	Restricted Funds 2014 \$000	Endowment Funds 2014 \$000	Total Funds 2014 \$000	Total Funds 2013 \$000
Incoming Resources						
<i>Incoming resources from generated funds</i>						
Voluntary income						
- Donations	2	6,000	18,851	-	24,851	20,069
Investment Income	3	-	-	6,269	6,269	5,573
Total Incoming Resources		6,000	18,851	6,269	31,120	25,642
Resources Expended						
<i>Cost of generating funds:</i>						
Investment management costs						
		-	-	(331)	(331)	(470)
Total Cost of Generating Funds		-	-	(331)	(331)	(470)
Charitable Activities						
- Access to Energy		(9,939)	(2,250)	-	(12,189)	(14,035)
- Sustainable Mobility		(1,214)	-	-	(1,214)	(2,881)
- Sustainable Job Creation		(3,633)	(13,770)	-	(17,403)	(18,157)
- Incubator		(1,877)	-	-	(1,877)	(3,090)
- Policy and Advocacy		(658)	-	-	(658)	-
- Other		(461)	-	-	(461)	(770)
Total Charitable Activities	5	(17,782)	(16,020)	-	(33,802)	(38,933)
Governance costs	7	(941)	-	-	(941)	(765)
Total charitable expenditure		(18,723)	(16,020)	-	(34,743)	(39,698)
Total Resources Expended		(18,723)	(16,020)	(331)	(35,074)	(40,168)
Net (outgoing)/incoming resources before transfers		(12,723)	2,831	5,938	(3,954)	(14,526)
Transfers		16,669	-	(16,669)	-	-
Net (outgoing)/incoming resources before other recognised gains and losses		3,946	2,831	(10,731)	(3,954)	(14,526)
Other recognised gains and losses						
Realised gains on the revaluation and disposal of investment assets		-	-	16,231	16,231	2,004
Unrealised gains on the revaluation and disposal of investment assets		-	-	(5,883)	(5,883)	42,176
Net Movement in Funds		3,946	2,831	(383)	6,394	29,654
Fund balances brought forward at 1 January		13,024	(8,223)	472,878	477,679	448,025
Fund balances carried forward at 31 December		16,970	(5,392)	472,495	484,073	477,679

All incoming resources, resources expended and resulting net movements in funds are derived from continuing activities. There are no recognised gains or losses other than those outlined in the Statement of Financial Activities. There is no material difference between the net (outgoing)/incoming resources and the net movement in funds for the financial year stated above and their historical costs equivalents. The accompanying notes form part of these financial statements.

Income and expenditure account for the year ended 31 December 2014

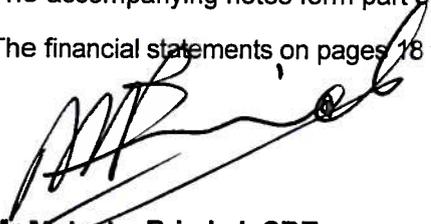
	2014 \$000	2013 \$000
Income		
Voluntary Income	24,851	20,069
Total realised income	24,851	20,069
Expenditure		
Charitable activities	(33,802)	(38,933)
Governance costs	(941)	(765)
Total expenditure	(34,743)	(39,698)
Net (deficit) of income over expenditure for the year	(9,892)	(19,629)

Balance sheet as at 31 December 2014

	Note	2014 \$000	2013 \$000
Fixed Assets			
Investments	11	472,523	472,906
Programme related investments	12	11,426	9,324
Total Fixed Assets		483,949	482,230
Current Assets			
Debtors	13	12,370	5,300
Cash at bank and in hand	14	15,305	14,567
Short-term deposits	14	-	5,000
Total Current Assets		27,675	24,867
Creditors: amounts falling due within one year	15	(20,644)	(22,901)
Net Current Assets	18	7,031	1,966
Total Assets less Current Liabilities		490,980	484,196
Creditors: amounts falling due after more than one year	16	(6,907)	(6,517)
Net Assets		484,073	477,679
The funds of the charity:			
Endowment Funds (including Revaluation Reserve US\$72,316,160 (2013: US\$61,076,160))	17	472,495	472,878
Restricted income Funds	17	(5,392)	(8,223)
Unrestricted income Funds	17	16,970	13,024
Total Charity Funds		484,073	477,679

The accompanying notes form part of these financial statements.

The financial statements on pages 18 to 31 were approved by the trustees and signed on their behalf by:


Mr Malcolm Brinded, CBE

Trustee

10 September 2015

**Cash flow statement
for the year ended 31 December 2014**

Note	2014		2013	
	\$000	\$000	\$000	\$000
		(2,160)		101
Net cash (outflow)/inflow from operating activities	19			
Returns on investments and servicing of finance				
Interest Income (unrestricted & restricted)		-		-
Investment Income (unrestricted & restricted)		-		-
Investment income received from endowment funds		6,319		5,593
Investment income attributable to endowment funds		(6,319)		(5,593)
Total returns on investments and servicing of finance		-		-
Capital expenditure and financial investment				
Investing Activities	11			
Purchase of investments		(125,751)		(68,939)
Purchase of programme related investments		(3,047)		(1,209)
Sale of investments		135,572		84,369
Sale of programme related investments		945		800
Increase in investment cash		(4,612)		(871)
Hedging Activities	11			
Purchases/(disposals) on forward foreign exchange contracts		669		(332)
Proceeds on forward foreign exchange contracts		4,808		775
Loss on foreign exchange		(24)		(4,102)
Cash flow attributable to endowment investments		(15,274)		(11,771)
Total capital expenditure and financial investment		(6,714)		(1,280)
Financing				
Investment income retained within endowment funds		6,319		5,593
Cash flow attributable to endowment investments		15,274		11,771
Distribution from endowment to unrestricted cash		(16,669)		(10,242)
Cash expended on endowment fund fees		(312)		(462)
Total Financing		4,612		6,660
(Decrease)/increase in cash in the year		(4,262)		5,481

**Reconciliation of net funds
for the year ended 31 December 2014**

(Decrease)/increase in cash in the year	(4,262)	5,481
Analysis of change in cash		
Cash balance at 1 January	19,567	14,086
Cash balance at 31 December	15,305	19,567
(Decrease)/increase in cash in the year	(4,262)	5,481

The accompanying notes form part of these financial statements.

Notes to the financial statements for the year ended 31 December 2014

1 Accounting Policies

Basis of Preparation

The financial statements are prepared in accordance with the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities', published in March 2005, and in accordance with applicable United Kingdom accounting standards and the Companies Act 2006. The accounting policies have been applied consistently, other than where new policies have been adopted in accordance with the Charities Act 2011.

The financial statements are prepared under the historical cost convention, as modified by the revaluation of investments. The programme related investments are not modified by the revaluation of investments. The financial statements are prepared on a going concern basis.

The financial statements of the Foundation are prepared in US Dollars. This is because the local currency of the Foundation, defined in SSAP 20 as the currency of primary economic environment in which the Foundation operates, is US Dollars, reflecting the high proportion of grants awarded and donations received in dollars and consequent dollar weighting of its investment funds. The average exchange rate used during the year translate Sterling (GBP) to US Dollars (US\$) was GBP/US\$ 1.6466.

Fund Accounting

Funds held by the charity are either:

- general unrestricted income funds, that are expendable at the discretion of the trustees in furtherance of the charity's objects; or
- restricted income funds, that are expendable at the discretion of the trustees in furtherance of the specific purpose stated by the donor; or
- expendable endowment funds, whose principal purpose is for investment to build the asset base of the Foundation to a sustainable level but which can be converted at the discretion of the trustees into expendable income when needed.

Incoming Resources

Donations and investment income are included in the Statement of Financial Activities when the charity is legally entitled to the income. Donated services, if applicable, are included in income at a valuation, which is an estimation of the value to the charity. No donated services were received in 2014.

Investment income arising from expendable endowment fund investments is added to endowment funds. This reflects the fact that the income is currently reinvested, in accordance with the investment strategy.

Resources Expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to programmes on a basis consistent with the use of resources. Support costs are allocated across the programmes based on the value of grants given out by that programme and direct costs attributable to that programme.

Costs of Generating Funds

The costs of generating funds comprise investment management costs for both income generation and capital maintenance.

Notes to the financial statements (continued) for the year ended 31 December 2014

1 Accounting Policies (continued)

Charitable Activity Costs

Charitable activity costs are comprised of grants, costs for processing grants and applications, direct costs invoiced to the charity, and for the administration and monitoring of projects. These costs include staff costs and associated overheads incurred for staff undertaking these activities. Staff costs are comprised of charges in respect of the services of employees of Shell Group companies in relation to Foundation activities. The Foundation has no direct employees.

Grant commitments charged as charitable activity costs in the Statement of Financial Activities represent the new commitments awarded by the Foundation in the year, as evidenced by the Letters of Commitment (LOCs) signed in that year. Grant commitments for which payments were outstanding at the year-end are shown as liabilities in the Balance Sheet. The commitments are not discounted.

Governance Costs

Governance costs comprise direct and indirect costs for the strategic running of the charity itself as an organisation, as distinct from directly pursuing its charitable activities. Direct costs include such items as external audit, legal advice for trustees and costs associated with constitutional and statutory requirements. Indirect costs include a proportion of management (and other staff) time spent on strategic activities, together with associated overhead costs (see note 7).

Value Added Tax ('VAT')

The charity is registered for Value Added Tax ('VAT') as part of the Shell International Petroleum Company VAT Group. VAT incurred by the Foundation on its expenditure is not recoverable, as the charity does not make any taxable supplies. Irrecoverable VAT is recognised as part of the cost of acquisition of an asset or as part of an item of expense.

Gains and Losses on Foreign Exchange

Monetary assets and liabilities denominated in currencies other than US Dollars are converted to US Dollars at the rate ruling at the balance sheet date. Items of income and expenditure in non-US Dollar currencies are converted at transaction date exchange rate where known, or otherwise at the average rate for the period. Non-US Dollar items primarily relate to UK and Netherlands operating costs, which are incurred in pounds sterling ('GBP') and Euros, as well as a small proportion of grants awarded in GBP and Euros. All realised and unrealised gains and losses on exchange are reflected in the Statement of Financial Activities.

Investments

Investments are included at closing mid-market value at the balance sheet date. Any realised and unrealised gains and losses on revaluation or disposals form part of the fund in which the investment is held at the time of the revaluation or disposal. Realised and unrealised gains and losses are shown separately in the Statement of Financial Activities.

Programme related investments are carried at cost less any provision for diminution in value. Such investments are subject to review, and any diminution is charged to the Statement of Financial Activities.

Financial Instruments

The Foundation has the US Dollar as its functional currency. In order to mitigate the risk associated with investing globally in multiple currencies, the investment portfolio is hedged (by the fund managers) through the use of forward foreign exchange contracts. The mandate is to hedge 100% of non-US Dollar denominated fixed income investments and 100% of non-US dollar hedge fund investments. Unsettled forward contracts are marked to market at the balance sheet date. All realised and unrealised gains and losses on forward foreign exchange contracts are combined in the Statement of Financial Activities with the gains and losses on the underlying investment portfolio.

Notes to the financial statements (continued) for the year ended 31 December 2014

2 Donations

	2014 \$000	2013 \$000
Cash		
<u>Unrestricted</u>		
Shell Trading International Ltd	6,000	6,000
<u>Restricted</u>		
Shell Trading International Ltd	14,000	9,900
OPEC Fund for International Development	900	525
Department for International Development	3,511	3,644
Inter-American Development Bank	670	-
JP Morgan	(230)	-
	24,851	20,069

A donation received from JP Morgan in 2010 was returned, as the restriction placed on the donation could no longer be met.

The geographical markets donations were received from: United Kingdom US\$23.3m (2013: US\$19.5m), worldwide US\$0.9m (2013: US\$0.5m) and United States of America US\$0.7m (2013: nil).

3 Investment income	2014 \$000	2013 \$000
Fixed interest securities	892	405
Dividends	5,377	5,168
	6,269	5,573

4 Grants expenditure

	2014 \$000	2013 \$000
Grants awarded brought forward	(24,520)	(13,762)
Payments	28,323	23,617
Grants awarded within 1 year	18,826	18,003
Grants awarded after 1 year	6,907	6,517
Grants awarded in the year	29,536	34,375

A full list of grants awarded in the year ended 31 December 2014 is included in the Trustees' Report (pages 12 to 13).

**Notes to the financial statements (continued)
for the year ended 31 December 2014**

5 Charitable Activities Expenditure by Programme

	Grants	Direct costs	Support costs	2014	2013
	\$000	\$000	\$000	\$000	\$000
Access to Energy	(10,135)	(1,488)	(566)	(12,189)	(14,035)
Sustainable Mobility	(889)	(269)	(56)	(1,214)	(2,881)
Sustainable Job Creation	(16,270)	(325)	(808)	(17,403)	(18,157)
Incubator	(1,644)	(146)	(87)	(1,877)	(3,090)
Policy and Advocacy	(598)	(30)	(30)	(658)	-
Other	-	(440)	(21)	(461)	(770)
Total for 2014	(29,536)	(2,698)	(1,568)	(33,802)	
Total for 2013	(34,375)	(2,438)	(2,120)		(38,933)

Grants are listed in the Trustees' Report accompanying these Financial Statements.

Direct costs include goods and services invoiced to the charity together with directly attributable manpower, and are allocated to the activity they relate to. Other support costs, that cannot be directly linked to an activity, are apportioned across the programme themes on the basis of the value of grant and direct cost expenditure. The activities making up these costs are shown in note 6 below.

6 Direct and Support Costs

	Direct costs	Support costs	2014	2013
	\$000	\$000	\$000	\$000
Manpower costs	(2,171)	(1,045)	(3,216)	(3,437)
External services	(55)	(229)	(284)	(245)
Communications	-	(198)	(198)	(305)
Travel	(465)	(29)	(494)	(539)
Training	(12)	(28)	(40)	(26)
Sundry	(5)	(138)	(144)	(100)
Exchange gain/loss	10	99	109	94
Total	(2,698)	(1,568)	(4,267)	(4,558)

External service costs are those paid directly to a third party supplier for services (including professional fees and consultancy) rather than being paid via a grantee intermediary. Direct costs for external services shows costs at the project level, support costs are charity-wide. Within external services for 2014, US\$94,493 was payable to Shell Group companies on normal business terms (2013: US\$19,405).

7 Governance Costs

	2014	2013
	\$000	\$000
Manpower costs	(878)	(700)
Audit fees (inclusive of VAT)	(54)	(56)
Trustee expenses	(9)	(9)
Total	(941)	(765)

Net incoming resources are stated after charging auditors' remuneration for audit services ('Audit Fees') as shown above. These are the fees for the audit of the Foundation's Financial Statements.

Notes to the financial statements (continued) for the year ended 31 December 2014

8 Trustee Information

No trustee received any remuneration from the charity during the year. The Foundation directly incurred or reimbursed travel expenses in relation to two trustees totalling US\$8,523 (2013: US\$9,316 in relation to two trustees).

No indemnity insurance for trustees' liability has been purchased by the charity. However, because all trustees are appointed by The Shell Petroleum Company Limited (the sole member) they are automatically covered by the Shell Group Directors and Officers liability insurance policy. Insurance cover is permitted under clause 21 of the Foundation's Memorandum of Association.

9 Employee Information

As an independent charity, Shell Foundation benefits in a number of ways from leveraging its links to Shell Group to achieve its mission and objectives. One example of this is with respect to staffing. The Foundation has no direct employees. Instead, employees of Shell Group companies are dedicated to work full-time for the Foundation in sole pursuit of its charitable objectives. Their remuneration is based on The Shell Group Global Pay Policy and their performance is assessed against pre-determined personal targets concerning their work for the Foundation as well as their wider contribution to meeting the Foundation's overall charitable mission. The monthly average staff employed by Shell Group companies to work for the Foundation during the year was 13.6 (2013: 13.5). The monthly average split of employees between direct and support activities was direct 5.9 (2013: 7.5) and support 7.7 (2013: 6.0).

Manpower expenditure included in Direct and Support costs (note 6) and Governance costs (note 7) comprises charges at cost in respect of the services of these Shell Group employees, including salaries, taxes and office overhead costs. The salary and taxes paid by Shell Group companies in relation to these employees are as follows:

	2014 \$000	2013 \$000
Wages and salaries	(2,181)	(1,980)
Social security	(423)	(265)
Other pension costs	(214)	(471)
	(2,818)	(2,716)

The number of Shell Group employees working on Foundation activities whose emoluments were above GBP 60,000 is as follows.

GBP	2014	2013
60,000 to 70,000	1	2
70,000 to 80,000	1	1
80,000 to 90,000	2	-
90,000 to 100,000	-	1
100,000 to 110,000	1	2
120,000 to 130,000	1	-
130,000 to 140,000	-	1
150,000 to 160,000	-	1
160,000 to 170,000	1	-
180,000 to 190,000	1	1
220,000 to 230,000	1	-
	9	9

Shell Group companies made contributions during the year to a defined benefit pension scheme of GBP 209,499 in relation to these 9 employees (2013: GBP 224,934 in relation to nine employees).

Notes to the financial statements (continued) for the year ended 31 December 2014

10 Taxation

The Foundation is a registered charity, and as such is entitled to certain tax exemptions on income and profits from investments, and surpluses on any trading activities carried on in furtherance of the charity's primary objectives, if these profits and surpluses are applied solely for charitable purposes.

11 Investments

	2014 \$000	2013 \$000
Market value at 1 January	472,906	439,653
Purchases	131,132	74,106
Sales/withdrawals	(152,571)	(100,869)
Realised gains	17,123	2,004
Unrealised (losses)/gains	(5,883)	42,176
Movement of investment cash	9,816	15,836
Market value at 31 December	472,523	472,906

The year end value is analysed as:

	2014 \$000	2013 \$000
Fixed income investments – UK	10,105	13,703
Fixed income investments – overseas	126,988	148,586
Equity investments – UK	25,275	76,971
Equity investments – overseas	252,438	187,086
Hedge funds – overseas	46,364	44,472
Forward foreign currency contracts	3,719	(1,090)
Other assets	606	763
Investment cash	7,000	2,388
Cash invested in institutional cash funds	28	27
Market value at 31 December	472,523	472,906

Cash invested in institutional cash funds represents cash invested in Fidelity Institutional Cash Fund plc. The trustees believe that the carrying value of the investments is supported by their underlying net assets.

The investment policy aims to maintain the real value of both distributions and the endowment asset value. To achieve this, the endowment is invested in a diversified asset allocation of global equities, hedge funds and fixed income funds.

The foreign currency exposure of the investment portfolio is hedged by the fund managers through the use of forward foreign exchange contracts. The mandate is to hedge 100% of non-US Dollar denominated bonds and 100% of non-US Dollar hedge fund investments. At the year end just under 55% of bonds and 0% of hedge fund investments were non-US Dollar.

No individual asset within the investment portfolio had a value greater than 5% of the investment portfolio.

Notes to the financial statements (continued) for the year ended 31 December 2014

12 Programme related investments

	2014 \$000	2013 \$000
GroFin Africa Fund		
Cost brought forward at 1 January	9,324	8,915
Purchases	3,047	1,209
Sales	(945)	(800)
Cost carried forward at 31 December	11,426	9,324

The value of programme related investments at the year end is shown at cost. The investment in the GroFin Africa Fund (GAF) represents 11,426 Class A (US\$1,000) shares in the fund, which meets the objectives of the Sustainable Job Creation programme.

Additionally, during 2013 the Foundation awarded a 'convertible grant' to Envirofit International Inc. to further the charity's charitable aims. This grant contains an option to convert it into equity shares, the trigger points for which have not yet been met. As there is currently no value to this programme related investment it has been fully expensed, but if the option is exercised in the future any value to the shares will be recognised accordingly in the financial statements.

13 Debtors

	2014 \$000	2013 \$000
Restricted donations – Shell Trading International Ltd	12,370	5,300
	12,370	5,300

14 Cash at bank and on hand

	2014 \$000	2013 \$000
Cash at Bank	15,305	14,567
Cash held in short-term deposit	-	5,000
Total cash at bank and on hand	15,305	19,567

For the purposes of the cash flow statement, cash includes cash at bank and in hand, other than cash invested in institutional cash funds, which is classified as an investment.

Notes to the financial statements (continued) for the year ended 31 December 2014

15 Creditors: amounts falling due within one year

	2014 \$000	2013 \$000
Grants Payable	18,810	18,003
Trade Creditors – Shell International Limited	230	388
Accruals – Shell International Limited	1,604	4,510
	20,644	22,901

All programme support expenses, investment management costs and Foundation management expenses are initially incurred and paid through Shell International Limited. These expenses are then recharged at cost by invoice from Shell International Limited to the Foundation on a monthly basis.

16 Creditors: amounts falling due after more than one year

	2014 \$000	2013 \$000
Total grants payable	25,717	24,520
Less amounts falling due within one year (note 15)	(18,810)	(18,003)
	6,907	6,517

Represented by:

Grants payable in greater than one year but less than two years	6,635	4,942
Grants payable in greater than two years but less than five years	272	1,575
	6,907	6,517

17 Funds

	Balance Bfwd \$000	Incoming Resources \$000	Resources Expended \$000	Transfers \$000	Investment Gain/(losses) \$000	Balance Cfwd \$000
Endowment Funds	472,878	6,269	(331)	(16,669)	10,348	472,495
Unrestricted Funds	13,024	6,000	(18,723)	16,669	-	16,970
Restricted Funds	(8,223)	18,851	(16,020)	-	-	(5,392)
	477,679	31,120	(35,074)	-	10,348	484,073

At the year end the restricted funds were in deficit due to timing differences between recognition of income and expenditure commitments. Transfers were made between the expendable endowment and unrestricted funds during the year to fund the Foundation's annual activities.

**Notes to the financial statements (continued)
for the year ended 31 December 2014**

18 Analysis of net assets between funds

	Note	Unrestricted Funds 2014 \$000	Restricted Funds 2014 \$000	Endowment Funds 2014 \$000	Total 2014 \$000	Total 2013 \$000
Fixed Assets						
Investments (at market value)	11	28	-	472,495	472,523	472,906
Programme related investments (at cost)	12	11,426	-	-	11,426	9,324
		11,454	-	472,495	483,949	482,230
Current Assets						
Debtors	13	-	12,370	-	12,370	5,300
Cash at bank and on hand	14	15,382	(77)	-	15,305	19,567
Creditors: amounts falling due within one year	15	(8,471)	(12,173)	-	(20,644)	(22,901)
Net Current Assets		6,911	120	-	7,031	1,966
Total Assets less Current Liabilities						
		18,365	120	472,495	490,980	484,196
Creditors: amounts falling due after more than one year	16	(1,395)	(5,512)	-	(6,907)	(6,517)
Net Assets		16,970	(5,392)	472,495	484,073	477,679

19 Reconciliation of net incoming resources to net cash inflow from operating activities

	2014 \$000	2013 \$000
Continuing activities		
Net incoming / (outgoing) resources – unrestricted & restricted funds	6,776	(9,388)
Investment income – unrestricted & restricted funds	-	-
Increase in net debtors – unrestricted & restricted funds	(7,070)	(2,300)
(Decrease)/increase in net creditors – unrestricted & restricted funds	(1,866)	11,789
	(2,160)	101

20 Capital commitment

The Foundation had no capital commitments as at 31 December 2014 (2013: US\$ nil).

21 Capital

The Charity is a company limited by guarantee. The sole member has undertaken to contribute USD 1 to the assets of the company to meet its liabilities if called on to do so.

Notes to the financial statements (continued) for the year ended 31 December 2014

22 Related party transactions

The sole member of the Foundation is The Shell Petroleum Company Limited (SPCo). The ultimate parent company of SPCo is Royal Dutch Shell plc. The Foundation's investment manager is Shell Asset Management Company (SAMCo), which is also a subsidiary of Royal Dutch Shell plc. During the year the Foundation incurred investment management costs of US\$298,367 (2013: US\$202,782) on normal business terms with SAMCo.

During the year the Foundation made payments of US\$937,540 (2013: US\$439,070) on normal business terms with Shell International BV and US\$7,745,804 (2013: US\$4,852,343) on normal business terms with Shell International Limited.

Of the Foundation's current or former trustees listed on page 3, the following are or were directors or officers of certain Shell Group companies: Mr Malcolm Brinded, Mr Hugh Mitchell and Mr Ben van Beurden. The Shell Group has other charitable affiliates that are not formally related to the Foundation, such as The Shell Centenary Scholarship Fund in the UK and the Shell Oil Foundation in the USA.

Donations received included the following as disclosed in Note 2:

Entity Name	2014 \$000	2013 \$000
Shell Trading International Ltd	20,000	15,900

As part of Shell Foundation's approach as an engaged donor, Shell Foundation staff members often participate in the governance of strategic partners. The balance outstanding at year end for grants made to organisations where Shell Foundation has a Board member or other governance role are as follows:

Entity Name	2014 \$000	2013 \$000
CottonConnect Limited	564	864
Jain Sons Finlease Ltd	335	335
First Light Ventures	380	380
M-KOPA Services LLC	1,830	-
Gajam Group Limited	700	1,900
Factor(E)	1,800	950
Asian Venture Philanthropy Network	210	-
Global Off-Grid Lighting Association (GOGLA)	112	-
d.light	270	-
Husk Power Systems	500	-
GroFin Nomou (MENA)	16,489	-

23 Guarantees and contingent liabilities

At any time the Foundation may be in discussion with potential grantees or may even have made formal offers of grants to grantees, which are pending their acceptance.

In October 2012, Shell Foundation offered a seven year financial guarantee of US\$1.5m to Calvert Social Investment Foundation Inc. to cover a US\$3.0m loan facility to Envirofit International Inc. As of December 2014, Envirofit International Inc had drawn down US\$3.0m of this loan.

Notes to the financial statements (continued) for the year ended 31 December 2014

23 Guarantees and contingent liabilities (continued)

In December 2014, Shell Foundation provided a financial guarantee of US\$1.0m to Calvert Social Investment Foundation Inc. to cover a US\$1.0m loan facility to Envirofit International Inc. As of December 2014, Envirofit International Inc had drawn down US\$1.0m of this loan.

24 Post balance date events

In March 2015, Shell Foundation injected equity of US\$1.0m into Envirofit International Inc. to purchase 277,777 shares and converted a repayable grant of US\$2.0m into 425,534 shares in this entity.

In August 2015, Shell Foundation injected further equity of US\$2.0m into Envirofit International Inc. to purchase 555,555 shares.