Registered No. 1285743

Equinor (U.K.) Limited

Directors' Annual Report and Financial Statements

Equinor UK Limited

31 December 2018

MONDAY

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COMPANIES HOUSE

Registered No. 1285743

DIRECTORS
Robert Adams (Resigned 11 March 2019)
Hedda Felin
Helge Haugane
Bente Hovland (Appointed 11 March 2019)
Jenny Morris
Beate Myking (Appointed 16 January 2018)
Uno Holm Rognli
Svein Skeie

SECRETARY
A J Saul (Retired 28 June 2019)
Lina Balbuckaite (Appointed 28 June 2019)

AUDITOR
KPMG LLP
15 Canada Square
London
E14 5GL

BANKERS
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6 Bishopgate
London
EC2P 2AT

SOLICITORS
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REGISTERED OFFICE
1 Kingdom Street
London
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The directors of Equinor UK Limited (the "Company") present their strategic report for the Company for the year ended 31 December 2018. On the 16 May 2018, as part of the global name change from Statoil to Equinor, the Company changed its name to Equinor UK Limited.

PRINCIPAL ACTIVITIES

The principal activities of the Company are the exploration, development, production and supply of oil and gas and the provision of services. The Company supports Equinor's development of its corporate strategy and manages business development and merger and acquisition activities, while maintaining a responsible approach to health, safety and the environment.

REVIEW OF THE BUSINESS

Development and Production – The Company is involved in joint ventures and projects in the United Kingdom Continental Shelf "UKCS" which are detailed below.

Alba

The Alba oil field (interest of 17%) is located in the central part of the UK North Sea and is operated by Chevron. During the year, production averaged 1,760 boe/d (2017: 2,335 boe/d) and there were two liftings during year, noted under the KPI's below.

On 30 April 2018, the Company agreed to sell its 17 % non-operated interest in the Alba oil field to Verus Petroleum. As part of the agreement, the Company will retain its share of the decommissioning liabilities for the existing field infrastructure while Verus Petroleum will assume decommissioning liabilities for any new infrastructure. The effective date of the transaction is 1 January 2018 and the deal completed on 23 November 2018.

Mariner

Mariner (interest of 65.11%, operator) is a heavy oil development in the North Sea, some 150 km east of Shetland, UK. The field development includes a production, drilling and living quarter platform based on a steel jacket. Oil will be exported by offshore loading from a floating storage unit. The development includes a possible future subsea tie-in of Mariner East, a small heavy oil discovery. Offshore hook-up and commissioning is currently ongoing. Production commenced in August 2019.

Utgard

Utgard (interest of 38.44% in the Norwegian and 38% in the UK sector, operator) is a gas and condensate discovery in the North Sea. The development includes two wells in a standard subsea concept, with one drilling target on each side of the UK-Norwegian maritime border. Gas and condensate will be piped through a new pipeline to the Sleipner field for processing and further transportation to market. Production is expected to start in the second half of 2019.

Rosebank

On 1 October 2018, the Company signed an agreement to acquire Chevron's 40% operated interest in the Rosebank project. The Rosebank oil and gas field some 130 km northwest of Shetland is one of the largest undeveloped fields on the UK continental shelf. The transaction was completed in January 2019.

Bressay

Bressay (interest of 81.6%, operator) is a heavy oil discovery. The Company along with its joint venture partner has agreed an extension of the licence period until the end of 2019 with the UK Oil and Gas Authority (OGA).

Jupiter

The Jupiter gas field (interest of 30%) is located in the southern part of the UK North Sea, operated by ConocoPhillips. Following cessation of production in 2016, a decommissioning campaign led by the operator remains ongoing.

Exploration
At the end of the year, the Company held an interest in 15 (2017: 16) exploration licenses on the UK Continental Shelf and is the operator of 12 (2017: 11) of those.

During the year, the Company was awarded nine licences, eight as operator and one as partner, in the 30th Offshore Licensing Round on the UK continental shelf. These awards are a result of a strategic decision by the Company to explore in prolific but mature basins.

Marketing
The Company markets and supplies gas to a portfolio of end users. During the year, the average number of end users fell to 9 (2017: 14). During 2018, the Company purchased and sold crude cargoes with an average sales price of US$73.73/bbl.

Other
On 20 July 2018, the Company transferred its entire shareholding in Norsea Pipeline Limited (27.304%) to the remaining shareholders of Norsea Pipeline Limited.

KEY PERFORMANCE INDICATORS

The Company's key financial and other performance indicators during the year were as follows:

	2018	*2017*	*Change*
	£'000	*£'000*	*%*
Turnover	769,700	371,550	>100%
Operating (loss)	(74,260)	(51,479)	(44%)
Profit for the year	169,448	91,825	>100%
Equity shareholder's funds	2,388,808	1,659,360	44%
Production (boe/d)	1,760	2,335	(25%)
Serious incident frequency (SIF)*	0.20	0.50	(60%)
Total recordable injury frequency (TRIF)*	5.60	3.60	55%

*specific to the Mariner project

Company turnover increased by over 100% predominantly due to sales of 4 purchased crude cargos with an average volume of 1,993mboe and average sales price of US$73.73/bbl.

In addition to this, there were two Alba cargos with an average volume of 443mboe during the year (2017: 2 cargoes with an average volume of 460mboe). The average realised sales price for the Alba sales in 2018 increased to $72.61/bbl compared with $48.34/bbl in 2017. Operating (loss) increased due to foreign exchange losses in the current year compared to foreign exchange gains in 2017.

The profit for the current financial year is mainly attributable to the Company recognising deferred tax credits on additional capital expenditure and the gain on the disposal of its non current assets.

FUTURE DEVELOPMENTS

There are no planned changes to the activities of the Company in the future.

GOING CONCERN

The financial statements have been prepared on the going concern basis as the Company is in a net current asset position. Despite incurring an operating loss for the year, the company expects to be profitable in future and will generate additional cash flows when Mariner starts producing.

The Company has also been provided with a financing facility of £1.5bn in order to fund the Mariner Development, of which £0.1bn remains undrawn. Accordingly this is more than adequate to meet obligations as they fall due for at least the next twelve months.

PRINCIPAL RISKS AND UNCERTAINTIES

There are a number of risks that the Company faces in the course of conducting its business operations. Although not exhaustive, the following list highlights the principal risks and uncertainties. Further risks are listed in the Company's parent's accounts.

Price risk

Fundamental market forces beyond the Company's control have affected and will continue to affect oil and natural gas prices in the future. Prolonged low oil and gas prices could erode the profitability of the Company's operations, its financial condition, liquidity and ability to fund development projects, which, in turn, could lead to reduced reserve replacement and proved reserves.

Project development and production operations risks

The Company's development projects and production operations involve uncertainties and operating risks which could prevent the Company from realising profits and cause substantial losses. Oil and gas projects may be curtailed, delayed or cancelled because of many reasons, including equipment shortages or failures, natural hazards, unexpected drilling conditions or reservoir characteristics, irregularities in geological formations, accidents, mechanical and technical difficulties, challenges due to new technology or inadequate investment decision basis. Climate change could affect the Company's operations through restrained water availability, rising sea level, changes in sea currents and increasing extreme weather frequency.

The Company's future performance depends on efficient operations and the ability to develop and deploy new technologies and new products. The ability to maintain efficient operations, to develop and adapt to innovative technologies and digital solutions, to seek profitable renewable energy and other low-carbon energy solutions, are key success factors for future business.

Health, safety and environmental risks

The Company is exposed to a wide range of health, safety and environmental risks that could result in significant losses. Exploration, project development, operation and transportation related to oil and natural gas, as well as development and operation of renewable energy production, can be hazardous.

Risk factors include: human error, operational failures, detrimental substances, subsurface behaviour, technical integrity failures, vessel collisions, natural disasters, adverse weather conditions, environmentally sensitive areas, or other occurrences. These risk factors could; among other things, lead to blowouts, structural collapses, loss of containment of hydrocarbons or other hazardous materials, fires, explosions and water contamination that cause harm to people, loss of life or environmental damage.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's policies are aimed at minimising such losses, and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures. Details of the Company's debtors are shown in note 14 to the financial statements.

Liquidity and cash flow risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Cash flow risk is the risk of exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability such as future payments on a variable rate debt.

Security threats and Cyber-attacks risks

The Company is exposed to security threats that could have a materially adverse effect on the Company's results of operations and financial condition.

Security threats such as acts of terrorism and cyber-attacks against the Company's production and exploration facilities, offices, means of transportation, digital infrastructure or computer or information systems or breaches of the Company's security system, could result in losses.

Brexit risks

Following the referendum in 2016, the Company has been assessing the potential impact of Brexit on the Company. The Company does not believe that Brexit will pose a significant risk to our business.

We continue to monitor developments in this area in line with our risk management processes and procedures.

By order of the Board of Directors

Bente Hovland

Bente Hovland
Director
10 September 2019

The directors present their annual report and financial statements of the Company for the year ended 31 December 2018.

RESULTS AND DIVIDENDS
The profit for the year after taxation amounted to £164,989 thousand (2017: £91,825 thousand). There were no dividends declared or paid during the current or preceding year.

POLITICAL CONTRIBUTIONS
No contributions were made to a political party during the current or preceding year.

EMPLOYEES
In the Company, we believe that being diverse and inclusive is a source of our competitive advantage. Diversity represents all people, all backgrounds, and all perspectives: ethnicity, experience, education, background, competence, sexual preference, religion, and disability shape our ideas and perspectives. Inclusion puts the concept and practice of diversity into action by creating an environment of involvement, respect, and connection—where the richness of ideas, backgrounds, and perspectives are harnessed to create business value. The Company is fostering an inclusive culture by mitigating against unconscious bias through leadership training, appointing inclusion ambassadors and making diversity and inclusion an agenda item for discussion in management meetings.

The Company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion. Where existing employees become disabled, it is the group's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim in accordance with our core value of being a caring organisation.

The Company is committed to employee involvement throughout the business. Employees are kept well informed of the performance and strategy of the Company through regular company council meetings, email and broadcasts by the Managing director and members of the Board throughout the year.

DIRECTORS AND THEIR INTERESTS
The Directors who served the Company during the year and changes since 31 December 2018 are listed on page 1. None of the directors had any beneficial interest in the shares of the Company.

DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR
Having made enquiries of fellow directors and of the Company's auditor, each of these directors confirms that:

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditor is unaware; and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditor is aware of that information.

AUDITOR
KPMG LLP will step down from their role as auditor in 2019 to be replaced by Ernst and Young LLP who will be appointed as auditors of the Company.

By order of the Board of Directors

Bente Hovland
Director
10 September 2019

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with applicable law including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EQUINOR UK LIMITED

Opinion

We have audited the financial statements of Equinor UK Limited ("the Company") for the year ended 31 December 2018, which comprise the Profit and Loss and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EQUINOR UK LIMITED

Strategic and directors' report

The directors are responsible for the strategic and directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic and directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic and directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EQUINOR UK LIMITED

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Juliette Lowes

Juliette Lowes
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
10 September 2019

PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2018

	Notes	2018 £000	2017 £000
Turnover	2	769,700	371,550
Cost of sales		(752,041)	(345,722)
Gross Profit		17,659	25,828
Administrative expenses		(82,690)	(87,377)
Foreign exchange		(9,229)	10,070
Operating (loss)		(74,260)	(51,479)
Income from interest in associate		3,638	7,131
Impairment of investments	12	(4,650)	(5,981)
Gain on sale of disposals of non current assets	11/12	110,056	-
Profit / (Loss) before interest and taxation		34,784	(50,329)
Interest receivable and similar income	6	1,659	1,379
Interest payable and similar charges	7	(1,063)	(1,112)
Other finance charges	8	(7,919)	(5,910)
		(7,323)	(5,643)
Profit / (Loss) before taxation		27,461	(55,972)
Tax on Profit / (loss)	9	137,528	147,797
Profit after taxation		164,989	91,825
Other Comprehensive income			
Remeasurements of net defined benefit asset		4,459	1,804
Total Comprehensive income for the year		**169,448**	**93,629**

All operations are continuing.

Notes 1 to 23 form part of these financial statements.

BALANCE SHEET
at 31 December 2018

	Notes	2018 £000	2017 £000
Non current assets			
Tangible assets	11	2,994,837	2,538,386
Intangible assets	10	1,573	1,573
Investments	12	6,769	26,462
Post-employment benefits	19	58,240	48,706
Deferred tax	9	535,184	399,890
		3,596,603	3,015,017
Current assets			
Inventories	13	42,885	11,186
Debtors	14	572,724	211,290
Cash at bank and in hand		619	135
		616,228	222,611
Creditors: amounts falling due within one year	15	(390,043)	(166,305)
Net current assets		226,184	56,306
Total Assets less current liabilities		3,822,787	3,071,323
Creditors: amounts falling due after more than one year	16	(1,213,500)	(1,183,836)
Provisions for other liabilities	18	(220,479)	(228,127)
Net assets		2,388,808	1,659,360
Capital and reserves			
Called up share capital	20	1,968,000	1,408,000
Profit and loss account		420,808	251,360
Equity shareholder's funds		2,388,808	1,659,360

Notes 1 to 23 form part of these financial statements.

These financial statements were approved by the Board of Directors on 10 September 2019 and were signed on its behalf by:

Bente Hovland
Director

STATEMENT OF CHANGES IN EQUITY
at 31 December 2018

	Share Capital	Profit & loss Account	Total Shareholder's funds
	£000	£000	£000
At 1 January 2017	1,095,000	157,731	1,252,731
Shares issued in the year	313,000	-	313,000
Profit for the year	-	91,825	91,825
Remeasurements of net defined benefit asset	-	1,804	1,804
At 31 December 2017	**1,408,000**	**251,360**	**1,659,360**
At 1 January 2018	1,408,000	251,360	1,659,360
Shares issued in the year	560,000	-	560,000
Profit for the year	-	169,448	169,448
Remeasurements of net defined benefit asset	-	4,459	4,459
At 31 December 2018	**1,968,000**	**420,808**	**2,388,808**

Notes 1 to 23 form part of these financial statements.

1. ACCOUNTING POLICIES

Equinor UK Limited (the "Company") is a company limited by shares and is incorporated in the UK.

Basis of preparation
These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (*"FRS 102"*) as issued in August 2014. The amendments to FRS 102 issued in July 2015 have been applied.

The presentation currency of these financial statements is British sterling. Amounts are rounded to the nearest £1,000s.

The Company's ultimate parent undertaking, Equinor ASA, includes the Company in its consolidated financial statements. The consolidated financial statements of Equinor ASA are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from www.equinor.com. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period:
- Cash flow Statement and related notes: and
- Key Management Personnel compensation.

As the consolidated financial statements of Equinor ASA include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.
- The disclosures required by FRS 102.33 *Related Party Disclosures* in respect of key management personnel compensation in total and related party transactions.
- The disclosures required by FRS 102.7 *Statement of Cashflows*

Exemption from preparing consolidated financial statements
The results of the Company are included in the group financial statements of Equinor ASA. The Company is consequently exempt from the obligation to prepare and deliver group financial statements under section 400 of the Companies Act 2006. As a result these financial statements present information about the Company as an individual undertaking and not about its group.

Going concern
The financial statements have been prepared on the going concern basis as the Company is in a net current asset position. Despite incurring an operating loss for the year, the Company expects to be profitable in future and will generate additional cash flows when Mariner starts producing. The Company has also been provided with a financing facility of £1.5bn in order to fund the Mariner Development, of which £0.1bn remains undrawn. Accordingly this is more than adequate to meet obligations as they fall due for at least the next twelve months.

1. ACCOUNTING POLICIES (CONTINUED)

The accounting policies set out below, unless otherwise stated, have been applied consistently throughout the period presented in these financial statements.

Measurement convention
The financial statements are prepared on the historical cost basis.

Revenue recognition
Revenue is generated from services provided by the Company and sales of crude oil and gas. Revenue is recognised and invoiced in the month in which it is generated. Revenue from contracts with customers is recognised upon satisfaction of the performance obligations for the transfer of goods and services in each such contract. The revenue amounts that are recognised reflect the consideration to which the Company expects to be entitled in exchange for those goods and services. Revenue from the sale of crude oil, natural gas, petroleum products and other merchandise is recognised when a customer obtains control of those products, which normally is when title passes at point of delivery, based on the contractual terms of the agreements. Each such sale normally represents a single performance obligation.

Underlifts and overlifts
Underlifts and overlifts of oil in jointly owned operations are reflected by adjusting cost of sales and working capital balances. Underlifts and overlifts are valued using at the lower of cost and net realisable value. A proportion of the underlifts or overlifts reflects volumes that will be recovered from other joint venture parties in that field in proportion to future production and therefore is largely classified as a debtor or creditor.

Interest payable and receivable
Interest payable and receivable is charged or credited to the profit and loss account on an accruals basis.

Basic financial instruments
Trade and other debtors
Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Trade and other creditors
Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Production and exploration costs
The Company accounts for production and exploration costs under the successful efforts method and thus all direct and indirect costs related to licence and data acquisition, geological and geophysical work and unsuccessful exploration drilling are expensed. The cost of initial exploration acreage acquired from other companies has been capitalised as intangible assets. Producing interests are capitalised on the basis of the costs of acquisition and treated as tangible assets, including acquisition of rights to explore and exploratory drilling.

The Company undertakes a review for impairment of all fixed assets if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. To the extent that the carrying amount exceeds the recoverable amount that is the higher of fair value less costs to sell and value in use, the fixed asset is written down to its recoverable amount. The value in use is determined based on estimated discounted future net cash flows.

1. ACCOUNTING POLICIES (CONTINUED)

Joint arrangements that are not entities
The Company has certain contractual arrangements with other participants to engage in joint activities that do not create an entity carrying on a trade or business of its own. The Company includes its share of assets, liabilities and cash flows in such joint arrangements, measured in accordance with the terms of each arrangement, which is usually pro-rata to the company's risk interest in the joint arrangement.

Borrowing costs
Borrowing costs on loans which are used to fund major developments are capitalised to the Fixed assets. All other borrowing costs are recognised in the profit and loss account in the period which they are incurred. See note 11 and 16.

Investments
Investments are accounted for at the lower of cost or fair value less costs to sell.

Depreciation
The capitalised costs of the producing fields are depreciated on a unit of production basis. Depreciation is calculated with reference to the proportion that production for the period bears to the total of the estimated remaining commercial reserves.

Other fixed tangible assets are depreciated by equal monthly instalments over their estimated useful economic lives as follows:

Property and short leasehold assets	–	period of lease
Gas storage facility project	–	25 years
Fixtures, fittings and office equipment	–	5 years
Motor vehicles	–	4 years

Non exploration intangible assets are amortised on a straight-line basis over their estimated useful economic lives up to a maximum of 20 years. The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Decommissioning provision
A decommissioning provision arises when the legal obligation to remove an installation arises for both oil and gas activities. The amount recognised is the present value of the estimated future expenditure determined in accordance with local conditions and requirements. A corresponding tangible fixed asset is also created of an amount equal to the provision. This is subsequently depreciated together with the capital costs of the production and transportation facilities. Any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the fixed asset.

Petroleum revenue tax (PRT)
Current UK PRT is treated as an income tax and is charged as a tax expense on chargeable field profits included in the profit and loss account.

Deferred petroleum revenue tax (deferred PRT)
Provision for deferred PRT is made on a field-by-field basis using the incremental liability method. Provision is made for timing differences in respect of capital and revenue expenditure and the asset retirement provision.

Leased assets
Rentals paid under operating leases are charged to income on a straight-line basis over the term of the lease.

1. **ACCOUNTING POLICIES (CONTINUED)**

Research and development
Research and development expenditure is expensed as incurred.

Inventory
Inventory principally comprises of oil, oil products and spares, and is stated at the lower of cost and net realisable value. The cost includes all expenditure incurred in bringing each product to its present location and condition. Net realisable value is based on the estimated normal selling price less further costs expected to be incurred on disposal. Provision is made for obsolete, slow moving or defective items where appropriate.

Deferred taxation
Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

- Provision is made for deferred tax that would arise on remittance of the retained earnings of associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be available taxable profits from which future reversal of underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rate expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currency transactions
Transactions in foreign currencies are initially recorded in sterling by applying the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Any resulting exchange differences are included in the profit and loss account.

Pension costs
The company operates a defined benefit pension scheme. The cost of providing benefits under this scheme is determined using the projected unit credit actuarial valuation method. The employer's portion of current and past service costs, curtailment and settlement costs are charged to operating profit. Expected return on pension scheme assets and interest on pension scheme liabilities are credited to other finance income. Actuarial gains and losses are fully recognised through other comprehensive income as they arise such that the balance sheet reflects the scheme's full surplus at the balance sheet date. A surplus is recognised to the extent that the Company is able to recover the surplus through reduced contributions or refunds.

The Company also maintains a defined contribution scheme. Contributions are charged to the profit and loss account in the year in which they are due.

1. ACCOUNTING POLICIES (CONTINUED)

Accounting estimates and judgements

The preparation of financial statements in accordance with FRS 102 requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and judgements are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

In the process of applying the Company's accounting policies, the Directors have the made the following judgements, estimates and assumptions which have the most significant effect on the amounts recognised in the financial statements.

<u>Deferred tax</u>

The Company accounts for significant changes to deferred tax assets and deferred tax liabilities, all of which are based on management's interpretations of applicable laws, regulations and relevant court decisions. The quality of these estimates is highly dependent upon proper application of at times very complex sets of rules, the recognition of changes in applicable rules and, in the case of deferred tax assets.

<u>Decommissioning provision</u>

The Company has significant obligations to decommission and remove offshore installations at the end of the production period. The costs of these decommissioning and removal activities require revisions due to changes in current regulations and technology while considering relevant risks and uncertainties. Most of the removal activities are many years into the future, and the removal technology and costs are constantly changing. The estimates include assumptions of the time required and the day rates for rigs, marine operations and heavy lift vessels that can vary considerably depending on the assumed removal complexity. As a result, the initial recognition of the liability and the capitalised cost associated with decommissioning and removal obligations, and the subsequent adjustment of these balance sheet items, involve the application of significant judgement.

<u>Impairment/reversal of impairment</u>

The Company has significant investments in property, plant and equipment and intangible assets. Changes in the circumstances or expectations of future performance of an individual asset may be an indicator that the asset is impaired, requiring the carrying amount to be written down to its recoverable amount. Impairments are reversed if conditions for impairment are no longer present. Evaluating whether an asset is impaired or if an impairment should be reversed requires a high degree of judgement and may to a large extent depend upon the selection of key assumptions about the future.

<u>Pension Assets and Liabilities</u>

When estimating the present value of defined benefit pension obligations that represent a long-term liability in the financial statements, management make a number of critical assumptions affecting these estimates. Most notably, assumptions made about the discount rate to be applied to future benefit payments and plan assets, the expected rate of pension increase and the annual rate of compensation increase, have a direct and potentially material impact on the amounts presented. Significant changes in these assumptions between periods can have a material effect on the financial statements.

2. TURNOVER

Turnover represents the amounts derived from the sales of hydrocarbons and services stated net of value added tax.

	2018	*2017*
	£000	*£000*
Revenue from sale of:		
-Oil	479,080	35,449
-Gas	55,542	88,325
Revenue from provision of services:		
-Transportation	124,031	144,087
-Timewriting	108,113	100,509
-Storage and other	2,934	3,180
	769,700	371,550
By geographical location		
South Korea	435,755	-
United Kingdom	215,763	273,139
Norway	62,218	55,088
The Netherlands	49,659	36,976
Other	6,305	6,347
	769,700	371,550

3. EXPENSES AND AUDITOR REMUNERATION

Included in profit / loss are the following:

	2018	*2017*
	£000	*£000*
Depreciation – owned assets	922	9,332
– capitalised decommissioning costs	68	601
Impairments of Non current assets	4,650	5,981
Total Depreciation and impairment	5,640	15,914
Operating lease rentals – land and buildings	5,698	5,698
- other	107,868	117,140
Auditor's remuneration		
Audit of these financial statements	80	80
Audit for parent company group reporting purposes	65	65

No fees were paid to the auditors for other services.

4. DIRECTORS' EMOLUMENTS

The directors of the Company were remunerated £64 thousand for their services to the Company in the financial year (2017: £32 thousand).

The remuneration disclosed above represents an allocation based on time spent on activities of the Company during the year.

5. STAFF COSTS AND NUMBERS

	2018	*2017*
	£000	*£000*
Wages and Salaries	51,991	42,470
Social Security costs	6,981	5,653
Other pension costs	167	(1,175)
	59,139	46,948

The average number of employees during the year was 333 (2017 – 317). All employees are employed in operative and direct support functions.

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2018	*2017*
	£000	*£000*
Bank deposit interest	76	34
Intercompany interest	341	37
Net finance interest on pension scheme	1,242	1,308
	1,659	1,379

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2018	*2017*
	£000	*£000*
Intercompany interest payable	1,023	963
Other interest and financial costs	40	149
	1,063	1,112

8. OTHER FINANCE CHARGES

	2018	*2017*
	£000	*£000*
Accretion of decommissioning liability	7,919	5,910

9. TAX ON LOSS

a) Tax on loss

	2018 £000	2017 £000
Current tax:		
Group relief (prior year)	(2,234)	(3,723)
Total Current tax (note 9b)	(2,234)	(3,723)
Deferred tax:		
Deferred corporation tax – current year movement	(140,579)	(133,449)
Deferred corporation tax – prior year movement	4,871	7,530
Deferred PRT	414	(18,155)
Total deferred taxes (note 9c)	(135,294)	(144,074)
Tax on loss	(137,528)	(147,797)

b) Factors affecting tax charge:

The tax assessed on the loss for the year is lower (2017: lower) than the standard rate of corporation tax in the UK for companies engaged in the oil and gas upstream sector of 40% (2017 – 40%). The differences are reconciled below:

	2018 £000	2017 £000
Income / (Loss) before taxation	27,460	(55,972)
Income / (Loss) multiplied by corporation tax in the UK of 40% (2017 – 40%)	10,984	(22,389)
Effect of:		
PRT	248	(10,893)
Non ring fence temporary difference on which no DTA recognised	3,718	(1,429)
Depreciation in excess of capital allowances	94	130
Losses arising due to Ring Fence Expenditure supplement	(142,408)	(111,900)
Other permanent differences	443	(3,798)
Rate change and differences in tax rates	(13,244)	(1,325)
Prior year adjustments – DT	4,871	7,530
Prior year adjustments – CT/SCT	(2,234)	(3,723)
Total tax (note 9a)	(137,528)	(147,797)

Profits from non ring fence assets are taxed at the statutory rate of 19% (2017: 19.25%). Profits from ring fence assets are taxed at a higher rate which includes supplementary charge to corporation tax and PRT.

9. TAX ON LOSS (continued)

c) Deferred tax:

	2018	*2017*
	£000	*£000*
Included in non current assets	535,184	399,890
Provision for deferred corporation tax	507,843	372,135
Deferred PRT asset	27,341	27,755
Deferred tax asset	535,184	399,890

	Total
	£000
Cost:	
At 1 January 2018	399,890
Deferred tax in profit and loss account	135,294
At 31 December 2018	535,184

d) The deferred tax included in the balance sheet is as follows:

	2018	*2017*
	£000	*£000*
Accelerated capital allowances	(1,037,236)	(840,515)
Losses	1,556,015	1,223,752
Deferred PRT	27,341	27,755
Deferred corporation tax on deferred PRT	(10,936)	(11,102)
Deferred tax asset	535,184	399,890

e) Factors that may affect future tax charges

Reductions in the UK corporation tax rate to 19% (effective from 1 April 2017) and 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

f) Unrecognised tax losses

As at 31 December 2018, a deferred tax asset arising on capital losses of £14,947 thousand (2017: £11,899 thousand) has not been recognised as the entity does not have any capital gains to offset against the capital losses.

No deferred tax asset has been recognised for the losses and provisions arising on non ring fence activities of £20,184 thousand (2017: £17,358 thousand). This is due to the uncertainty of the availability of suitable taxable profits arising from non ring activities against which losses may be deducted.

No deferred tax asset has been recognised for the fixed assets arising on non ring fence activities of £6,127 thousand (2017: £6,098 thousand). This is due to the uncertainty of the availability of suitable taxable profits arising from non ring activities against which losses may be deducted.

10. INTANGIBLE FIXED ASSETS

	Oil and Gas licences £000
Cost:	
Balance at 1 January 2018 and 31 December 2018	37,250
Amortisation:	
Balance at 1 January 2018 and 31 December 2018	(35,677)
Net book value	
At 1 January 2018 and 31 December 2018	**1,573**

The Oil and Gas licences relate to exploration holdings on the UK Continental Shelf, these licences are pre-development and therefore classed as intangible.

11. TANGIBLE FIXED ASSETS

	Fields in production & development	Exploration Acreage	Gas Storage project	Property & short leasehold assets	Other fixed assets	Total
	£000	*£000*	*£000*	*£000*	*£000*	*£000*
Cost						
At 1 January 2018	3,060,628	66,217	189,811	10,278	4,422	3,331,356
Additions	456,022	4,269	-	-	574	460,865
Disposals	(409,185)	-	-	-	(78)	(409,263)
At 31 December 2018	**3,107,465**	**70,486**	**189,811**	**10,278**	**4,918**	**3,382,958**
Depreciation and impairment						
At 1 January 2018	554,926	60,504	169,774	3,666	4,100	792,970
Charge for the year	68	-	-	562	360	990
Disposals	(405,773)	-	-	-	(66)	(405,839)
At 31 December 2018	**149,221**	**60,504**	**169,774**	**4,228**	**4,394**	**388,121**
Net book value						
At 1 January 2018	2,505,702	5,713	20,037	6,612	322	2,538,386
At 31 December 2018	**2,958,244**	**9,982**	**20,037**	**6,050**	**524**	**2,994,837**

Included in fields in production and development is capitalised interest of £82,644 thousand (2017: £54,031 thousand) in relation to the Mariner and Utgard Projects.

During the year, the Alba asset was sold resulting in the reduction in the Net book value of "Fields in production & development". The Company recognised a gain of £27m.

12. INVESTMENTS

	2018	*2017*
	£000	*£000*
Subsidiary undertakings	6,769	5,919
Associated undertakings	-	20,543
	6,769	26,462

Subsidiary undertakings

During the year, 500,000 £1 ordinary shares were allotted by Equinor Energy Trading Limited and 5,000,000 £1 ordinary shares were allotted by Equinor Production UK Limited to the Company.

The Company's investment in Equinor Production UK Limited was impaired by £1,843 thousand, as the recoverable amount was below the carrying value of the investment.

The Company's investment in Equinor Energy Trading Limited was impaired by £2,807 thousand, as the recoverable amount was below the carrying value of the investment.

All held by the Company unless indicated:

Name of Company	*Holding*	*% held*	*Nature of business*	*Country of registration or incorporation*
Equinor Exploration UK Limited	Ordinary shares	100%	Dormant	England and Wales
Equinor Energy Trading Limited	Ordinary shares	100%	Gas marketing	England and Wales
Equinor Production UK Limited	Ordinary shares	100%	Provision of Services	England and Wales

The registered address of the subsidiaries listed above is 1 Kingdom Street, London, W2 6BD.

Associated undertakings

On 20 July 2018, the Company transferred its entire shareholding in Norsea Pipeline Limited (27.304%) to the remaining shareholders of Norsea Pipeline Limited. The gain on disposal was £83m.

13. INVENTORIES

These consist principally of hydrocarbons and spares.

	2018	*2017*
	£000	*£000*
Hydrocarbons	15,378	1,689
Spares	27,507	9,497
	42,885	11,186

14. DEBTORS: amounts falling due within one year

	2018	*2017*
	£000	*£000*
Trade debtors	6,662	12,332
Amount due from parent undertaking	525,888	142,324
Amount due from subsidiary undertakings	22,514	36,156
Corporation tax receivable	-	1,145
Other debtors	4,454	6,489
Prepayments	4,190	5,119
VAT	9,015	7,725
	572,724	211,290

The amount owed by group undertaking included the internal bank balances of £524.5m (2017: £132.2m) repayable on demand.

15. CREDITORS: amounts falling due within one year

	2018	*2017*
	£000	*£000*
Trade creditors	37,132	63,784
Amount due to fellow subsidiary undertakings	10,929	5,822
Amount due to parent undertaking	243,141	8,518
Other creditors	85,842	77,150
Accruals	12,999	11,031
	390,043	166,305

Included within Amount due to parent undertaking is a loan for USD 70 million as the maturity date for the loan is 2019. The interest rate of 12 month USD LIBOR + 1.44% remains unchanged from prior year. The loan is for the purpose of financing the Mariner field development.

16. CREDITORS: amounts falling due after more than one year

	2018	*2017*
	£000	*£000*
Amount due to parent undertaking	1,213,500	1,183,836

The Company has a loan facility with its parent for £1,520 million and the terms have a maturity date of 2021 with an interest rate of 1 month GBP LIBOR + 1.5%. The loan is for the purpose of financing the Mariner field development.

17. LEASE OBLIGATIONS

At 31 December 2018 and 2017, there is a commitment to make annual payments under operating leases amounting to:

	Drilling rigs and vessels		Land and buildings		Interconnector pipeline	
	2018	*2017*	*2018*	*2017*	*2018*	*2017*
	£000	*£000*	*£000*	*£000*	*£000*	*£000*
Operating leases due to expire:						
Within one year	121,168	111,975	5,686	5,686	10	4,280
Between two and five years	68,793	159,590	22,744	22,744	7	40
After more than five years	217	-	25,006	34,117	-	17

During the year £110,273 thousand was recognised as an expense in the profit and loss account in respect of operating leases (2017: £117,120 thousand).

18. PROVISIONS FOR LIABILITIES

	Decommissioning
	£000
At 1 January 2018	228,127
Arising during the year	8,494
Utilised during the year	(1,105)
Change in estimate / discount rate	(22,956)
Unwinding of discount factor	7,919
At 31 December 2018	**220,479**
of which;	
Non Current	220,195
Current	284

Decommissioning provision

Provision has been made for the estimated net present cost of decommissioning production and transportation facilities at the end of their producing lives. Discount rates range from 3.68% to 3.99%. The timing of decommissioning payments are dependent on the lives of a number of fields but are anticipated to occur between 2022 and 2049.

Current provisions relate to ongoing plug and abandonment of wells on the Jupiter field. Final decommissioning of the Jupiter field is expected to be finalised at a future date.

19. PENSION COMMITMENTS

The Company operates a defined benefit scheme in the UK which offers both pensions in retirement and death benefits to members. Pension benefits are related to the members' final salary at retirement and their length of service. The scheme was closed to new members (excluding those as a result of the Norsk merger) on the 31 August 2005, and on 31 May 2016, the plan closed to future accrual. The impact of the GMP equalisation has been reviewed and allowed for, its overall impact was immaterial.

The Company funds the pension using a normal and special contributions, with the special contribution subject to certain criteria being met.

During the year, the Company changed the discount rate method, resulting in the present value of liabilities increasing by £4.5m.

The assets and liabilities at 31 December:

	2018	*2017*
Scheme assets at fair value:	*£000*	*£000*
Equity	152,550	174,231
Bonds	121,820	109,248
Cash	2,504	1,688
Fair value of scheme assets	276,874	285,167
Present value of scheme liabilities	(218,634)	(236,461)
	58,240	48,706

The amounts recognised in the Company's Income Statement and in Other Comprehensive income for the year are analysed as follows;

	2018	*2017*
Recognised in the Income statement	*£000*	*£000*
Past service cost	167	-
Net interest on the net defined benefit liability	(1,242)	(1,175)
Total (income)	(1,075)	(1,175)
Recognised in Other Comprehensive Income		
Actuarial (gains) / losses on the liabilities	(16,576)	12,577
Return on Assets, excluding interest income	12,117	(14,381)
Total remeasurement - defined benefit liability exc. interest income	(4,459)	(1,804)

The last completed full actuarial valuation of the scheme was carried out as at 30 June 2015. The next valuation at 30 June 2018 is currently in progress and the membership data for this valuation has been incorporated into the update to 31 December 2018 by a qualified independent actuary. The major assumptions used by the actuary were:

	2018	*2017*
Main assumptions;	*£000*	*£000*
Pension increases (linked to RPI – capped at 7.5%)	3.40%	3.40%
Discount rate	2.75%	2.45%
Inflation assumption (RPI)	3.40%	3.40%
Inflation assumption (CPI)	2.60%	2.60%
Mortality post retirement (S2PA base table) – Male / Female	80%/89%	80%/89%

19. PENSION COMMITMENTS (CONTINUED)

Main assumptions continued;		
Assumed life expectancies on retirement at age 60 are;		
Retiring today – Males	28.6	28.5
Retiring today – Females	29.8	29.7
Retiring in 20 years' time – Males	30.0	30.0
Retiring in 20 years' time – Females	31.3	31.3

Changes in the present value of defined benefit obligation are analysed as follows;

	2018	*2017*
	£000	*£000*
Benefit Obligation at beginning of year	236,461	229,949
Interest cost	5,707	6,046
Actuarial losses	(16,576)	12,577
Benefits paid	(7,125)	(12,111)
Past service cost	167	-
Benefit Obligation at end of year	218,634	236,461

Changes in the fair value of plan assets are analysed as follows;

	2018	*2017*
	£000	*£000*
Fair value of scheme assets at beginning of year	285,167	271,276
Interest income on scheme assets	6,949	7,221
Return on Assets, excluding interest income	(12,117)	14,381
Contributions by employers	4,000	4,400
Benefits paid	(7,125)	(12,111)
Fair value of scheme assets end of year	276,874	285,167

Changes in the Surplus during the year;

	2018	*2017*
	£000	*£000*
Surplus in scheme at beginning of the year	48,706	41,327
Movement in year:		
Contributions	4,000	4,400
Other finance income	1,242	1,175
Past service cost	(167)	-
Actuarial gains	4,459	1,804
Surplus in scheme at end of the year	58,240	48,706

20. SHARE CAPITAL

Ordinary shares of £1.00 each	*2018*	*2017*
Allotted and fully paid	*£000*	*£000*
At 1 January	1,408,000	1,095,000
Issue of ordinary shares	560,000	313,000
At 31 December	1,968,000	1,408,000

During the year, the Company issued 560 million £1.00 shares for a consideration of £560 million to its ultimate parent Equinor ASA.

21. COMMITMENTS

Exploration, appraisal and development activities
At 31 December 2018 and 2017 respectively the Company had specific commitments.

	2018	*2017*
	£000	*£000*
Offshore	251,583	347,625
	251,583	347,625

The Company is further committed to participate in various exploration programmes, the precise cost of which cannot be accurately determined at the balance sheet date. Capital commitments include amounts in relation to the rental of the Noble drilling rig and vessels for Mariner. This rig is under an operating lease for 3 years and is therefore also included in note 17. These commitments are subject to accounting estimates and judgments.

22. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking of the Company is Equinor ASA, incorporated in Norway. The consolidated financial statements of Equinor ASA, which include the company, are available to the public and may be obtained from are available from Equinor ASA, 4035, Stavanger, Norway or www.equinor.com. It is also the parent undertaking of the smallest and largest group of which the company is a member and for which group financial statements are prepared.

The ultimate controlling party is the Norwegian government.

23. EVENTS AFTER THE REPORTING DATE

Acquisition of the Rosebank development.
On 1 October 2018, the Company signed an agreement to acquire Chevron's 40% operated interest in the Rosebank project, one of the largest undeveloped fields on the UK Continental Shelf. The deal completed in January 2019. The terms of the acquisition have not been disclosed as not publically available.