

**Directors' Annual Report and
Financial Statements**

*Equinor Energy Trading
Limited*

31 December 2018



Equinor Energy Trading Limited

Registered No. 3161976

DIRECTORS

Robert Adams (Resigned 13 June 2019)
Peder Bjorland (Appointed 27 February 2018)
Robert Cross (Resigned 27 February 2018)
Bente Hovland (Appointed 13 June 2019)

SECRETARY

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

AUDITOR

KPMG LLP
15 Canada Square
London
E14 5GL

BANKER

Deutsche Bank AG
6 Bishopgate
London
EC2P 2AT

SOLICITOR

Lovells
21 Holborn Viaduct
London
EC1A 2DY

REGISTERED OFFICE

1 Kingdom Street
London
W2 6BD

Equinor Energy Trading Limited

STRATEGIC REPORT

Registered No. 3161976

The directors of Equinor Energy Trading Limited (the “Company”) present their strategic report for the Company for the year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The principal activity of the Company is to act as a disclosed agent and provide certain services to its ultimate parent Company, Equinor ASA in relation to that Company’s gas portfolio. All revenues and costs incurred are passed on to Equinor ASA.

KEY PERFORMANCE INDICATORS

The Company acts as a disclosed agent for Equinor ASA and therefore it does not have any key performance indicators associated with its business activity.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company’s trades are entered into under an agency agreement as an agent for Equinor ASA, and the primary risks in terms of price, credit and liquidity all sit with Equinor ASA.

The principal risk to the Company is the cancellation of its agency agreement with Equinor ASA. This risk and others are managed by Equinor ASA on a group wide basis.

Brexit

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
Director
10 September 2019

Equinor Energy Trading Limited

DIRECTORS' REPORT

Registered no. 3161976

The Directors present their report and financial statements for the year ended 31 December 2018.

RESULTS AND DIVIDENDS

The Company made a loss for the year after taxation of £136 thousand (2017: £145 thousand loss). No dividends were declared or paid in the current or prior year.

FUTURE DEVELOPMENTS

There are no planned changes to trading activities.

GOING CONCERN

The Directors have, at the time of approving these financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the annual report and financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies in note 1 to the financial statements.

POLITICAL CONTRIBUTIONS

No contributions were made to a political party during the current or prior 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

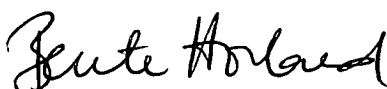
Having made enquiries of fellow directors and of the Company's auditor, each of these directors confirms that:

- 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 and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (UK Generally Accepted Accounting Practice).

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 ENERGY TRADING LIMITED

Opinion

We have audited the financial statements of Equinor Energy Trading 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 loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards applicable to smaller entities, 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 ENERGY TRADING LIMITED

Strategic report and Directors' report

The directors are responsible for the strategic report 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 report 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 report 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 have 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 4, 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

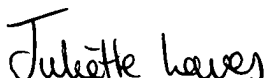
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit 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 ENERGY TRADING 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
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
10 September 2019

Equinor Energy Trading Limited

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

	Notes	2018 £000	2017 £000
Turnover	2	24,029	24,711
Cost of sales		(24,029)	(24,711)
Loss before taxation	4	-	-
Tax on loss	5	(136)	(145)
Loss after taxation		(136)	(145)
Total comprehensive loss for the year		(136)	(145)

All operations are derived from continuing operations.

Notes 1 to 9 form an integral part of these financial statements.

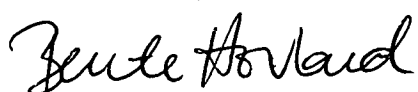
Equinor Energy Trading Limited

BALANCE SHEET AS AT 31 DECEMBER 2018

	Notes	2018 £000	2017 £000
Current assets			
Debtors	6	5,359	13,236
Cash at bank and in hand		110,277	84,917
		<u>115,636</u>	<u>98,153</u>
Creditors: amounts falling due within one year	7	(115,243)	(98,124)
Net current assets		<u>393</u>	<u>29</u>
Total assets less current liabilities		<u>393</u>	<u>29</u>
Net assets		<u><u>393</u></u>	<u><u>29</u></u>
Capital and Reserves			
Called up share capital	8	49,200	48,700
Capital redemption reserve		10,000	10,000
Other reserve		6,760	6,760
Profit and loss account		(65,567)	(65,431)
Shareholder's funds		<u><u>393</u></u>	<u><u>29</u></u>

Notes 1 to 9 form an integral 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

Equinor Energy Trading Limited

STATEMENT IN CHANGES IN EQUITY

	Share Capital £000	Capital redemption reserve £000	Other reserves £000	Profit & loss Account £000	Total Shareholder's funds £000
At 1 January 2017	48,500	10,000	6,760	(65,286)	(26)
Issue of share capital	200	-	-	-	200
Result for the year	-	-	-	(145)	(145)
At 31 December 2017	48,700	10,000	6,760	(65,431)	29
At 1 January 2018	48,700	10,000	6,760	(65,431)	29
Issue of share capital	500	-	-	-	500
Result for the year	-	-	-	(136)	(136)
At 31 December 2018	49,200	10,000	6,760	(65,567)	393

Notes 1 to 9 form an integral part of these financial statements.

Equinor Energy Trading Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2018

1. ACCOUNTING POLICIES

Equinor Energy Trading Limited (the “Company”) is a company limited by shares and is incorporated in the U.K.

On 24 May 2018, following the global name change from Statoil to Equinor, the Company changed its name to Equinor Energy Trading Limited.

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. 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.

Going concern

The directors of the Company consider that the Company has adequate financial resources to continue operating for the foreseeable future, and that it is therefore appropriate to adopt the going concern basis in preparing the financial statements of the Company.

Measurement convention

The financial statements are prepared on the historical cost basis.

The accounting policies set out below, unless otherwise stated, have been applied consistently to all periods presented in these financial statements.

Revenue recognition

Turnover, which is stated net of value added tax, represents amounts generated in relation to trading activities undertaken on behalf of Equinor ASA which is recharged to Equinor ASA pursuant to the agency agreement in place.

Equinor Energy Trading Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2018

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.

Foreign currencies

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Related party transactions

The company has taken advantage of the exemption contained within FRS 102.33, "Related Party Disclosures", and has not disclosed transactions with group companies.

Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the profit and loss account.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of previous periods.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related differences, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Accounting estimates and judgements

The directors do not consider there to be significant estimates or judgements involved in preparing these financial statements.

Equinor Energy Trading Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2018

2. TURNOVER

Turnover represents the amounts generated in relation to trading activity undertaken on behalf Equinor ASA and is derived solely from UK operations. Turnover is stated net of value added tax.

3. STAFF COSTS AND NUMBERS

There were no employees of the Company in the current or prior year.

The directors received no compensation for services provided to the Company during the current or prior year.

4. EXPENSES AND AUDITOR REMUNERATION

Auditor remuneration is paid by the immediate parent undertaking. No fees were paid to the auditor for other services. Audit fees for 2018 were £4,428 (2017: £4,329).

5. TAXATION

a) Tax on loss

	2018 £000	2017 £000
Corporation tax charge on loss for the year	136	145
	<u>136</u>	<u>145</u>

b) Factors affecting total tax charge:

The tax assessed on the loss on ordinary activities for the year is higher (2017: higher) than the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are reconciled below:

	2018 £000	2017 £000
Profit before tax	-	-
Tax using the UK corporation tax rate of 19% (2017: 19.25%)	-	-
Notional transfer pricing charge	136	145
Total tax (note 5a)	<u>136</u>	<u>145</u>

Reductions in the UK corporation tax rate from 19% to 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.

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £000	2017 £000
Amounts due from parent undertakings	687	680
Deposits	4,672	12,556
	<u>5,359</u>	<u>13,236</u>

The deposits relates to amounts lodged with counterparties to allow the Company to provide services to Equinor ASA.

Equinor Energy Trading Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 December 2018

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£000	£000
Amounts due to parent undertakings	99,698	65,621
Amounts due to fellow subsidiary undertakings	15,545	32,503
	115,243	98,124

8. SHARE CAPITAL

	2018	2017
	£000	£000
Ordinary share of £1.00 each		
Allotted, called up and fully paid		
At 1 January	25,700	25,500
Issue of ordinary shares	500	200
	26,200	25,700
At 31 December		
	26,200	25,700
Preference shares of £1 each		
Allotted, called up and fully paid		
At 1 January and 31 December	23,000	23,000

There is a single class of ordinary and preference shares, of which each share has one vote. There are no restrictions on the distribution of dividends.

9. IMMEDIATE AND ULTIMATE PARENT UNDERTAKING

Immediate parent undertaking

The Company is a wholly owned subsidiary undertaking of Equinor UK Limited, registered in England and Wales. The financial statements of Equinor UK Limited can be obtained from Equinor UK Limited, 1 Kingdom Street, London, W2 6BD.

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.

The ultimate controlling party is the Norwegian government.