

**Directors' Annual Report and
Financial Statements**

*Equinor Energy Trading
Limited*

(Formally Statoil Gas Trading Limited)

31 December 2017



Equinor Energy Trading Limited

Registered No. 3161976

DIRECTORS

Robert Adams

Peder Bjorland (Appointed 27 February 2018)

Robert Cross (Resigned 27 February 2018)

SECRETARY

A J Saul

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 2017.

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.

By order of the Board of Directors



Robert Adams
Director
20 September 2018

Equinor Energy Trading Limited

DIRECTORS' REPORT

Registered no. 3161976

The Directors present their report and financial statements for the year ended 31 December 2017.

RESULTS AND DIVIDENDS

The Company made a loss for the year after taxation of £145 thousand (2016: £164 thousand loss). No dividends were declared or paid in the year. (2016: £nil).

FUTURE DEVELOPMENTS

There are no planned changes to trading activities.

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

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 year (2016: nil).

DIRECTORS AND THEIR INTERESTS

The directors who served the company during the year and changes since 31 December 2017 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

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board of Directors



Robert Adams
Director
20 September 2018

DIRECTORS' REPORT

The directors are responsible for preparing the Strategic Report, 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 UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), 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;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 (Formerly Statoil Gas Trading Limited) ("the company") for the year ended 31 December 2017, which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and related notes, including the accounting policies note.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss 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.

Going concern

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 twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The directors are responsible for the other information, which comprises the strategic report and the directors' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information 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 other information;
- in our opinion the information given in the strategic report and the directors' report 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
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EQUINOR ENERGY TRADING LIMITED

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.

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 (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London, E14 5GL
20 September 2018

Equinor Energy Trading Limited

PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME for the year ended 31 December 2017

	Notes	2017 £000	2016 £000
Turnover	2	24,711	35,255
Cost of sales		(24,711)	(35,255)
Loss before taxation	4		-
Tax on loss	5	(145)	(164)
Loss after taxation		(145)	(164)
Total comprehensive loss for the year		(145)	(164)

All operations are derived from continuing operations.

Notes 1 to 10 form an integral part of these financial statements.

Equinor Energy Trading Limited

BALANCE SHEET AS AT 31 DECEMBER 2017

	Notes	2017 £000	2016 £000
Current assets			
Debtors	6	13,236	32,809
Cash at bank and in hand		84,917	111,022
		<u>98,153</u>	<u>143,831</u>
Creditors: amounts falling due within one year	7	(98,124)	(143,857)
Net current assets / (liabilities)		<u>29</u>	<u>(26)</u>
Total assets less current liabilities		29	(26)
Net assets / (liabilities)		<u>29</u>	<u>(26)</u>
Capital and Reserves			
Called up share capital	8	48,700	48,500
Capital redemption reserve		10,000	10,000
Other reserve		6,760	6,760
Profit and loss account		(65,431)	(65,286)
Shareholder's funds		<u>29</u>	<u>(26)</u>

Notes 1 to 10 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 20 September 2018 and were signed on its behalf by:



Robert Adams
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 2016	48,500	10,000	6,760	(65,122)	138
Result for the year	-	-	-	(164)	(164)
Other comprehensive income	-	-	-	-	-
At 31 December 2016	48,500	10,000	6,760	(65,286)	(26)
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)
Other comprehensive income	-	-	-	-	-
At 31 December 2017	48,700	10,000	6,760	(65,431)	29

Notes 1 to 10 form an integral part of these financial statements.

Equinor Energy Trading Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2017

1. ACCOUNTING POLICIES

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

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.

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.

Equinor Energy Trading Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2017

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 2017

2. TURNOVER

Turnover represents the amounts derived from the provision of services 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 2017 were £4,329 (2016: £4,250).

5. TAXATION

a) Tax on loss

	2017 £000	2016 £000
Corporation tax charge on loss for the year	145	164
	145	164

b) Factors affecting total tax charge:

The tax assessed on the loss on ordinary activities for the year is higher (2016: higher) than the standard rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are reconciled below:

	2017 £000	2016 £000
Loss before tax	-	-
Tax using the UK corporation tax rate of 19.25% (2016: 20%)	-	-
Notional transfer pricing charge	145	164
Total tax (note 5a)	145	164

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and from 19% to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future tax charge accordingly.

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £000	2016 £000
Amounts due from parent undertakings	680	644
Deposits	12,556	32,165
	13,236	32,809

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 2017

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£000	£000
Amounts due to parent undertakings	65,621	118,193
Amounts due to fellow subsidiary undertakings	32,503	25,664
	98,124	143,857

8. SHARE CAPITAL

	2017	2016
	£000	£000
Ordinary share of £1.00 each		
Allotted, called up and fully paid		
At 1 January	25,500	25,500
Issue of ordinary shares	200	-
	25,700	25,500
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.

10. EVENTS AFTER THE REPORTING PERIOD

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