Registered No. 7403376

Director's Annual Report and Financial Statements

Equinor Production UK Limited

31 December 2019

DIRECTORS
Arne Gurtner (Appointed 2 September 2019)
Bente Hovland (Appointed 11 March 2019)
Hedda Felin (Resigned 2 September 2019)
Robert Adams (Resigned 11 March 2019)

SECRETARY
Leanne Adrienne Paul (Appointed 26 September 2019)
A J Saul (Retired 28 June 2019, resigned 28 June 2019)
Lina Balbuckaite (Appointed 28 June 2019, resigned 26 September 2019)

SOLICITORS
Lovells LLP
21 Holborn Viaduct
London
EC1A 2DY

AUDITOR
Ernst & Young LLP
Blenheim House
Fountainhall Road
Aberdeen
AB15 4DT

BANKERS
Deutsche Bank AG
6 Bishopgate
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EC2P 2AT

REGISTERED OFFICE
1 Kingdom Street
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W2 6BD

STRATEGIC REPORT

The directors present their strategic report together with the financial statements of Equinor Production UK Limited ("the Company") for the year ended 31 December 2019.

PRINCIPAL ACTIVITIES
The principal activity of the Company is the provision of services to fellow group companies.

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.

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.

Brexit
The UK formally and politically left the European Union on 31 January 2019. Under the withdrawal agreement, the UK will have most of the rights and responsibilities of membership until the end of 2020, at which point new arrangements between the UK and the EU should come into force. The Company continues to believe that Brexit will not pose a significant risk to our business. We continue to monitor developments in this area in line with our risk management processes and procedures. The risks relating to the retention, attraction and recruitment of talent from the EU/EEA; the uncertainty related to business travel; the data protection and the residency status of overseas and UK employees are being mapped and analysed. Mitigating measures include high quality data and tracking mechanisms for the reduction of business travel risks, accuracy and completeness of employment and immigration documentation for a multinational workforce.

COVID-19
The company is actively monitoring the development of the COVID-19 pandemic and has taken measures to protect its people and assets from the global pandemic. Due to mitigating actions, the risk posed by COVID-19 to its people and assets has been reduced significantly. Further details and measures in place to mitigate the risk can be found in note 13 Events after the report date.

By order of the Board of Directors

Bente Hovland

Bente Hovland
Director

November 6th, 2020

DIRECTORS' REPORT

The directors present their directors report and financial statements of the Company for the year ended 31 December 2019.

Events after the Reporting date are stated in note 13 of these Financial statements.

RESULTS AND DIVIDENDS

The Company made a loss for the year after taxation of £5,135 thousand (2018: £1,843 thousand loss). No dividends were declared or paid in the current or prior year.

FUTURE DEVELOPMENTS

The coronavirus (COVID-19) pandemic has been declared as a global emergency by the World Health Organization (WHO), and has made countries, organizations, Equinor as a whole and Equinor Production UK Limited take measures to mitigate risk for communities, employees and business operations. The pandemic continues to progress and evolve, and at this juncture it is challenging to predict the full extent and duration of resulting operational and economic impacts for the Company.

The Company has assessed the impact to its UK operations from the COVID-19 global pandemic and has put in place measures to mitigate the risks to employees and operations to ensure the safety of all personnel.

A risk of reduced work force due to moderate illness due to infection by COVID-19 is identified. This risk is mitigated by the implementation of a work from home procedure for office employees. Return to office will only be commenced after regulations allow the company to return office-based staff. A risk assessment will be conducted to demonstrate the risk of returning to the office is ALARP (as low as reasonably practicable).

As part of upstream response, we:

- established a COVID task force to monitor and respond to the situation;
- conducted a thorough risk assessment capturing ongoing activities and the risks and mitigating actions associated with operating and drilling from the Mariner A, Mariner B and NLN rig;
- updated Equinor Aberdeen Business Continuity Plan (BCP) to address COVID risk management, including emergency response;
- took measures to ensure the safety of personnel and to safeguard production during the outbreak, and suspended drilling and project development activities (in March-May) to prioritise production and income;
- instigated the "work from home" operating mode;
- participated in the relevant OGUK Strategy groups to align responses across the UKCS.

Due to mitigating actions, the risk posed by COVID-19 to its people and assets has been significantly reduced.

GOING CONCERN

Notwithstanding the Company's net current liabilities position at the year end, the financial statements have been prepared on the going concern basis. The Company is a passthrough company and does not have any gross profit or loss. The total comprehensive loss in 2019 is due to foreign exchange loss, interest payable and taxation.

The Company closely monitors and manages its liquidity risk including assessing its net asset/liability position to ensure that it request access to additional funds to meet forecast cash requirements should it be required. As the Company provides services to related group companies, and is in a net current liabilities position, the Directors have obtained a parental letter of support, from the immediate parent Equinor UK Limited as of the date of sign off of these financial statements for a period of at least 12 months. This coupled with the going concern assessment performed on Equinor UK Limited itself has provided the Directors with sufficient assurance that the Company will continue as a going concern.

DIRECTORS' REPORT

The Company is actively monitoring the impact on operations of the group, given its position as a provider of services to the group, from COVID-19 and as a result the group has implemented a number of mitigations to minimise the impact. More details can be found in note 13 of these financial statements.

CHARITABLE DONATIONS

UK charitable donations in the year ended 31 December 2019 amounted to £49 thousand (2018 - £15 thousand).

DIRECTORS AND THEIR INTERESTS

The directors who served the company during the year 2019 are listed on page 1. None of the directors had any beneficial interest in the shares of the company in either of the years presented.

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 stepped down from their role as auditor in 2019 to be replaced by Ernst and Young LLP who was appointed as auditors of the Company.

By order of the Board of Directors

Bente Hovland

Bente Hovland
Director

November 6th, 2020

DIRECTORS' RESPONSIBILITIES STATEMENT

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

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;
- state whether United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the 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 PRODUCTION UK LIMITED

Opinion

We have audited the financial statements of Equinor Production UK Limited for the year ended 31 December 2019 which comprise the Profit and Loss Account and Other Comprehensive Income, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 13, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to notes 1 and 13 of the financial statements, which describes the economic and social consequences the company is facing as a result of COVID-19 which is impacting financial markets, commodity prices, personnel available for work and or being able to access offices. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report set out on pages 1 to 5, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

Use of our report

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.

Ernst & Young LLP

Clarke Cooper (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Aberdeen

Date 9 November 2020

PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2019

	Notes	2019 £000	2018 £000
Turnover	2	73,729	59,951
Cost of sales		(73,729)	(59,951)
Gross Profit		-	-
Foreign exchange (loss)		(3,881)	(684)
Operating (loss)		(3,881)	(684)
Interest receivable and similar income	5	39	27
Interest payable and similar charges	6	(436)	(74)
(Loss) before taxation		(4,278)	(731)
Tax on loss	7	(857)	(1,112)
Loss after taxation		(5,135)	(1,843)
Total comprehensive loss		**(5,135)**	**(1,843)**

All operations are derived from continuing operations.

Notes 1 to 13 form an integral part of these financial statements.

BALANCE SHEET AS AT 31 DECEMBER 2019

	Notes	2019 £000	2018 £000
Fixed assets			
Tangible fixed assets	8	4,382	4,376
Current assets			
Debtors	9	2,507	11,570
Cash at bank and in hand		360	1,407
		2,867	12,977
Creditors: amounts falling due within one year	10	(6,008)	(10,977)
Net current (liabilities)/assets		**(3,141)**	**2,000**
Net assets		**1,241**	**6,376**
Capital and reserves			
Called up share capital	11	14,200	14,200
Profit and loss account		(12,959)	(7,824)
Shareholder's funds		**1,241**	**6,376**

Notes 1 to 13 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on November 6th, 2020 and were signed on its behalf by:

Bente Hovland

Bente Hovland
Director

STATEMENT IN CHANGES IN EQUITY

	Share Capital	Profit & loss Account	Total Shareholder's funds
	£000	£000	£000
At 1 January 2018	9,200	(5,981)	3,219
Loss for the year	-	(1,843)	(1,843)
Issue of Share capital	5,000	-	5,000
At 31 December 2018	**14,200**	**(7,824)**	**6,376**
At 1 January 2019	14,200	(7,824)	6,376
Loss for the year	-	(5,135)	(5,135)
At 31 December 2019	**14,200**	**(12,959)**	**1,241**

Notes 1 to 13 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2019

1. ACCOUNTING POLICIES

Equinor Production UK Limited (the "Company") is a company limited by shares and is incorporated in the UK. The financial statements the "Company" for the year ended 31 December 2019 were authorised for issue by the board of directors on 06/11/2020 and the balance sheet was signed on the board's behalf by Bente Hovland.

Basis of preparation

These Financial statement have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and the requirements of the Companies Act 2006.

The presentation and functional 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

Notwithstanding the Company's net current liabilities position at the year end, the financial statements have been prepared on the going concern basis. The Company is a passthrough company and does not have any gross profit or loss. The total comprehensive loss in 2019 is due to foreign exchange loss, interest payable and taxation.

The Company closely monitors and manages its liquidity risk including assessing its net asset/liability position to ensure that it request access to additional funds to meet forecast cash requirements should it be required. As the Company provides services to related group companies, and is in a net current liabilities position, the Directors have obtained a parental letter of support, from the immediate parent Equinor UK Limited as of the date of sign off of these financial statements for a period of at least 12 months. This coupled with the going concern assessment performed on Equinor UK Limited itself has provided the Directors with sufficient assurance that the Company will continue as a going concern.

The Company is actively monitoring the impact on operations of the group, given its position as a provider of services to the group, from COVID-19 and as a result the group has implemented a number of mitigations to minimise the impact. More details can be found in note 13 of these financial statements.

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
Revenue is generated from services provided by the Company to its immediate parent undertaking. Revenue is recognised and invoiced in the month in which the service is provided. 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. Each such sale normally represents a single performance obligation.

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.

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.

Tangible fixed assets
Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairments losses. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated.

The estimated useful lives are as follows:

buildings	term of lease
plant and equipment	3 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

Financial items

Financial items are income and expense items relating to financial investments, the management of liquidity, interest and currency risk and loan financing of the entity's short-term, mid-term and long-term capital requirements, as well as other credits and financial guarantees received or furnished. Different types of loans, current and non-current, cash holdings and current and non-current financial investments are examples of items that are financial.

Typical financial items include:

• interest income and interest expenses,

• gains and losses on the sale of securities,

• currency gains and losses,

• transaction expenses and charges in connection with financial transactions.

Leases

Accounting for leases where the company is a lessee in the contract depends on whether the lease contract is considered a finance or operating lease.

Lease contracts which substantially transfer the risk and rewards related to ownership of the leased asset from the lessor to the lessee are considered finance leases. Other leases are considered operating leases.

Lessee
Operating leases shall be expensed as incurred.

Taxation
Tax on the profit or loss for the period comprises current and deferred tax.

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.

Employee benefits

Defined contribution plans and other long-term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Accounting estimates and judgements

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

2. TURNOVER

Turnover represents the amounts derived from the provision of services to fellow group companies and is derived solely from UK operations. Turnover is stated net of value added tax.

3. STAFF COSTS

	2019	*2018*
	£000	*£000*
Wages and salaries	24,871	16,441
Social security costs	4,274	2,391
Contributions to defined contribution plans	2,756	1,724
	31,901	**20,556**

The average number of persons employed by the Company in 2019 is 219 (2018 – 148).

The Company operates a defined contribution scheme which offers both pensions in retirement and death benefits to members. Contributions are charged to the profit and loss account in the year in which they are due.

The directors did not receive, nor were due, any remuneration in respect of their services to the Company in either year as throughout their service for the Company they were employed by the ultimate parent company Equinor ASA.

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2019

4. EXPENSES AND AUDITOR'S REMUNERATION

	2019 *£000*	*2018* *£000*
Depreciation of tangible fixed assets	628	572
Audit of these financial statements:		
KPMG LLP	0	14
Ernst and Young LLP	18	0

The Auditor's remuneration is paid by the immediate parent undertaking.

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2019 *£000*	*2018* *£000*
Interest receivable from group companies	34	23
Other interest receivable	5	4
	39	27

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2019 *£000*	*2018* *£000*
Interest payable to group companies	47	63
Bank and similar charges	389	11
	436	**74**

7. TAX

a) Tax on loss:

	2019 *£000*	*2018* *£000*
Current tax:		
Corporation tax on income for the period	663	1,057
Adjustments in respect of prior periods	198	62
	861	1,119
Deferred tax:		
Deferred corporation tax – current year	(4)	(7)
	857	1,112

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2019

b) Factors affecting total tax charge:

	2019 £000	2018 £000
Loss before taxation	(4,278)	(731)
Profit/loss multiplied by standard rate of Corporation tax in the UK of 19% (2018: 19 %)	(813)	(139)
Permanent differences	1	2
Notional transfer pricing charge	1,417	1,127
Accelerated capital allowances	54	60
Prior year adjustments	198	62
Total tax (note 7a)	857	1,112

c) Deferred tax

	2019 £000	2018 £000
Balance as at 1 January	51	44
Current year movement	4	7
Balance as at 31 December	55	51

d) Factors that may affect future tax charges

At Budget 2020, the government announced that the Corporation Tax main rate (for all profits except ring fence profits) for the years starting 1 April 2020 and 2021 would remain at 19%. The company's future current tax charge will remain unchanged.

8. TANGIBLE FIXED ASSETS

	Land and buildings £000	Plant and Equipment £000	Total £000
Cost			
At 1 January 2019	5,161	1,234	6,395
Additions	2	633	635
At 31 December 2019	5,163	1,867	7,030
Depreciation			
At 1 January 2019	(996)	(1,023)	(2,019)
Depreciation charge for the year	(339)	(290)	(629)
At 31 December 2019	(1,335)	(1,313)	(2,648)
Net book value			
At 1 January 2019	4,165	211	4,376
At 31 December 2019	**3,828**	**554**	**4,382**

9. **DEBTORS:** amounts falling due within one year

	2019 £000	2018 £000
Amounts owed by group undertakings	1,887	10,388
Prepayments	12	946
Tax receivable	282	130
Deferred tax	55	51
Other receivables	271	55
	2,507	**11,570**

The amounts owed by group undertakings included the internal bank balances of £1.2m (2018: £2.7m), repayable on demand and intercompany non-interest receivable balances of £0.6m (2018: £6.8m).

10. **CREDITORS:** amounts falling due within one year

	2019 £000	2018 £000
Accruals	32	14
Amounts owed to group undertakings	3,808	8,574
Other tax and social security	577	796
Bank overdraft	110	212
Income tax payable	850	1,049
Other creditors	631	332
	6,008	**10,977**

11. **SHARE CAPITAL**

Ordinary share of £1.00 each	2019	2018
Number of shares		
At 1 January	14,200,000	9,200,000
At 31 December	14,200,000	14,200,000
Allotted and fully paid:	£,000	£,000
At 1 January	14,200	9,200
Issue of share capital	-	5,000
At 31 December	**14,200**	**14,200**

On 10 of December 2018 the Company issued 5,000,000 new £1 ordinary shares at par.

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2019

12. LEASES

At 31 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings	
	2019	*2018*
	£000	*£000*
Operating leases due to expire:		
Within one year	1,940	2,287
Between two and five years	7,981	7,907
After more than five years	12,168	14,182

During the year £2,287 thousand (2018: £1,792 thousand) was recognised as an expense in the profit and loss account in respect of office rent.

12. 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.

13. EVENTS AFTER THE REPORTING DATE

COVID -19

The coronavirus (COVID-19) pandemic has been declared as a global emergency by the World Health Organization (WHO), and has made countries, organizations, Equinor as a whole and Equinor Production UK Limited take measures to mitigate risk for communities, employees and business operations. The pandemic continues to progress and evolve, and at this juncture it is challenging to predict the full extent and duration of resulting operational and economic impact for the Company.

The Company has assessed the impact to its UK operations from the COVID-19 global pandemic and has put in place measures to mitigate the risks to employees, and operations to ensure the safety of all personnel.

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2019

A risk of reduced work force due to moderate illness due to infection by COVID-19 is identified. This risk is mitigated by the implementation of a work from home procedure. Return to office will only be commenced after regulations allow the company to return office-based staff. A risk assessment will be conducted to demonstrate the risk of returning to the office is ALARP (as low as reasonably practicable).

As part of our upstream response we established a COVID task force to monitor and respond to the situation; took measures to ensure the safety of personnel; instigated the "work from home" operating model; and participated in the relevant OGUK Strategy groups to align responses across the UKCS.
As part of upstream response, we have:

- established a COVID task force to monitor and respond to the situation;
- conducted a thorough risk assessment capturing ongoing activities and the risks and mitigating actions associated with operating and drilling from the Mariner A, Mariner B and NLN rig;
- updated Equinor Aberdeen Business Continuity Plan (BCP) to address COVID risk management, including emergency response;
- took measures to ensure the safety of personnel and to safeguard production during the outbreak, and suspended drilling and project development activities (in March-May) to prioritise production and income;
- instigated the "work from home" operating mode;
- participated in the relevant OGUK Strategy groups to align responses across the UKCS.

Due to mitigating actions, the risk posed by COVID-19 to its people and assets has been significantly reduced.