Southampton to London Pipeline Project

Volume 4

Funding Statement

Application Document: 4.2

Planning Inspectorate Reference Number: EN070005
APFP Regulation No. 5(2)(h)
Revision No. 1.0

May 2019

Southampton to London Pipeline Project

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Contents

Funding Statement

1.1 Introduction

1.1.1 This funding statement is prepared in compliance with the requirements of Regulation 5(2)(h) of The Infrastructure Planning (Applications: Prescribed Forms and Procedure) Regulations 2009 (the "APPF Regulations").

1.1.2 This statement is submitted in support of an application by Esso Petroleum Company, Limited (Company No. 00026538) (referred to as "Esso") under the Planning Act 2008 (as amended) for a development consent order (the "Order") for the Southampton to London Pipeline.

1.1.3 This statement has been specifically prepared to detail the funding position of Esso in the event that compulsory acquisition powers are required. This funding statement covers the matters required by the APFP Regulations and should be read alongside the Statement of Reasons (**Application Document 4.1**) which justifies the powers of compulsory acquisition that are sought in the Order.

1.2 Project Description

1.2.1 Esso is making an application for development consent to replace 90km (56 miles) of its existing 105km (65 miles) aviation fuel pipeline that runs from the Fawley Refinery near Southampton, to the Esso West London Terminal storage facility in Hounslow. The replacement pipeline is referred to as "the project" within this statement.

1.2.2 Esso has already replaced 10km of pipeline between Hamble and Boorley Green in Hampshire and now wants to replace the 90km of pipeline between Boorley Green and the Esso West London Terminal storage facility in Hounslow. The outer limits of land to be permanently or temporarily used for the project are known as the Order Limits.

1.2.3 The replacement pipeline starts near Boorley Green at the end point of the previously replaced pipeline. The route runs generally in a northeast direction via Esso's existing Pumping Station in Alton. It terminates at the Esso West London Terminal storage facility.

1.2.4 As well as being the applicant for the project, Esso is also defined as the "undertaker" for the purposes of the draft Order and will be the corporate entity in which the powers of the Order are vested should the Order be granted.

1.2.5 Esso is seeking to acquire land rights and land by agreement so far as possible and negotiations with landowners and beneficiaries of third party rights are continuing, but, nevertheless it is necessary to include powers of compulsory acquisition in the Order as at the time of making the application those negotiations have not concluded.

1.2.6 The draft Order therefore includes powers of compulsory acquisition to enable the acquisition of land interests and rights required for the project. Accordingly, this Funding Statement is required to be submitted with the application for development consent for the project. This Funding Statement addresses how funds for the acquisition of the land and interests required and any related liabilities arising will be secured.

1.3 Company Background

1.3.1 The principal activities of Esso are refining, distribution and marketing of petroleum products in the United Kingdom.

1.3.2 Esso owns and operates the UK's largest refinery at Fawley. It also owns and operates around 700 kilometres of pipeline - the largest privately-owned underground oil pipeline distribution network in the UK – transporting fuel to its distribution terminals at Avonmouth, Birmingham, Hythe, Purfleet, West London and also for use at the UK's busiest airports. Esso serves around 800,000 customers every day through its retail network of more than 1,000 Esso-branded service stations.

1.3.3 The immediate parent company to Esso Petroleum Company, Limited is ExxonMobil UK Limited and the ultimate parent company and controlling party is Exxon Mobil Corporation, incorporated in New Jersey, USA. Exxon Mobil Corporation is listed on the New York Stock Exchange and its shares are widely dispersed.

1.3.4 Exxon Mobil Corporation is one of the world's leading publicly owned energy companies and it, or its affiliated companies ("ExxonMobil"), operate in most of the world's countries in almost every aspect of the energy and petrochemical business. It is the parent company of Esso and other group companies that operate in the United Kingdom.

1.3.5 ExxonMobil is one of the UK's largest petrochemical manufacturers with major plants at Fawley, Fife and Newport. ExxonMobil also holds an interest in nearly 40 producing oil and gas fields in the UK North Sea, and a stake in the South Hook Liquefied Natural Gas plant at Milford Haven in Wales, which has the capacity to import 20 percent of the UK's gas demand.

1.3.6 Esso's latest published accounts (to 31 December 2017) are attached at Appendix 1 to this statement. These serve to show Esso's strong financial standing. The 2018 accounts are anticipated to be available soon and can be supplied if requested by the Examining Authority.

1.4 Compulsory Acquisition of Land and Blight

1.4.1 The current position regarding negotiations with landowners and those with interests in the land affected by the Order is summarised in section 8 of the Statement of Reasons (**Application Document 4.1**).

1.4.2 Esso is seeking to secure all of the land and rights required for the project through voluntary negotiation but will utilise powers of compulsory acquisition available in the DCO should that prove necessary. Esso has issued offers of terms for voluntary agreements to all affected parties identified in the Book of Reference (**Application Document 4.3**) and will continue to negotiate those through the course of the examination.

1.4.3 Esso has taken expert advice from specialist property consultants on the potential costs of funding the acquisition of all those interests and rights, in land identified and described in the Book of Reference including potential cost of claims under Part 1 of the Land Compensation Act 1973 (although it should be noted that Esso does not believe that any claims under Part 1 will arise).

1.4.4 Esso has taken the possibility of blight provision including any early payments under the blight provisions of the Town and Country Planning Act 1990, into consideration and associated costs are factored into this assessment. However Esso believes that it is unlikely that property owners could make a valid claim for statutory blight arising from the promotion of the Order and implementation of the project.

1.4.5 The total estimated costs to acquire land and rights required for the infrastructure corridor, along with relevant claims (being claims under Part 1 of the Land and Compensation Act 1973, section 10 of the Compulsory Purchase Act 1965 and/or section 152(3) of the Planning Act 2009), either voluntarily or through compulsion, have been based on national, regional and local data that provide direct comparables for similar property to that over which the rights are required and independent third party valuations.

1.4.6 The total cost of payments for acquiring land, land rights, incentive payments, disturbance, injurious affection and related professional fees is estimated at £10.3 million. Some of the payments are only triggered by taking access to the land or by the commencement of construction.

1.5 Project Funding

1.5.1 The cost of capital acquisition is estimated at £10.3 million. This will include the costs of acquiring permanent easement rights, land for above ground facilities, disturbance compensation, injurious affection and professional fees. The total cost of the project will be met by Esso and is not dependent on any external source of funds outside of the ExxonMobil group of companies.

1.5.2 Esso actively manages its finances to ensure it has sufficient available funds for its operations. Esso understands (and reports in its accounts) that ExxonMobil group companies will continue to provide suitable resources to Esso to meet its needs.

1.5.3 As part of ExxonMobil's Treasury Operations, Esso participates in an interest bearing bank account sweeping arrangement with another ExxonMobil group undertaking whereby the transactions cleared by the banks included in this arrangement are transferred to that undertaking on a daily basis. A net amount of £174m as at 31 December 2017 was fully liquid with Esso retaining full ability to access the cash at any time. The equivalent figure as at 31 December 2018 was £135m and Esso's average daily cash balance during 2018 was £290m.

1.5.4 Please refer to Esso's audited accounts as at 31 December 2017 in Appendix 1. See: Accounting Policies "1.18 Cash" and in the Notes to the Financial Statements "Note 18 Debtors"

1.6 Conclusion

1.6.1 Esso has sufficient financial resources to meet any compensation obligations as they fall due.

Appendix 1 – Esso Petroleum Company, Limited Annual Accounts.

Registered number: 26538

ESSO PETROLEUM COMPANY, LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

ESSO PETROLEUM COMPANY, LIMITED

COMPANY INFORMATION

DIRECTORS	P P Clarke (resigned 5 March 2018) R M Cooper (appointed 5 March 2018) W A E D Don (appointed 1 March 2017) S P Downing (appointed 1 June 2017) P J Simon (resigned 30 January 2018) T W Stevens (resigned 1 March 2017) J R Wetmore (resigned 1 June 2017)
COMPANY SECRETARY	F H Harness
REGISTERED NUMBER	26538
REGISTERED OFFICE	Ermyn House Ermyn Way Leatherhead Surrey KT22 8UX
INDEPENDENT AUDITORS	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH
COMPANY TYPE	Esso Petroleum Company, Limited is a private company, limited by shares and registered in England and Wales

ESSO PETROLEUM COMPANY, LIMITED

CONTENTS

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and the audited financial statements for Esso Petroleum Company, Limited (the "Company") for the year ended 31 December 2017.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Directors' Report, the Strategic 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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom 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 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

FINANCIAL RISK MANAGEMENT

The Company has chosen in accordance with section 414C(11) of the Companies Act 2006, to set out information related to financial risk management, in the Company's Strategic Report below.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £259M *(2016 - £179M)*.

Dividends of £500M were recommended by the directors and paid during the year *(2016 - £NIL)*.

CHARITABLE CONTRIBUTIONS

During 2017, the Company made charitable donations in support of the community of £0.5M *(2016 - £0.5M)*.

FUTURE DEVELOPMENTS

The Company intends to continue with its current principal activity.

POST BALANCE SHEET EVENTS

In May 2018, the Company paid an amount of £6M cash to the Merchant Navy Officers Pension Fund ("MNOPF"), which represented all amounts owed to the fund under deferred deficit contributions, as at 31 December 2017.

On 15 June 2018 the Company issued 180,000,000 £1 ordinary shares at par to its parent ExxonMobil UK Limited ("EMUKL") for cash.

In June 2018 the Company completed the purchase of 423,590 of the 423,600 ordinary shares in issue of PT Federal Karyatama ("FKT"), a lubricants manufacturer based in Indonesia, for cash consideration of $436M.

DIRECTORS

The directors who served during the year were:

P P Clarke (resigned 5 March 2018)
W A E D Don (appointed 1 March 2017)
S P Downing (appointed 1 June 2017)
P J Simon (resigned 30 January 2018)
T W Stevens (resigned 1 March 2017)
J R Wetmore (resigned 1 June 2017)

RESEARCH AND DEVELOPMENT ACTIVITIES

The Company is able to call on the extensive research and development resources of its ultimate parent company, Exxon Mobil Corporation. This includes research into automotive and aviation fuels and engine lubricants and comprehensive technical support, covering crude oils, industrial fuels and lubricants, bitumen and greases. Research and guidance on environmental matters is also provided by other members of the ExxonMobil group.

EMPLOYEE INVOLVEMENT

The Company is an equal opportunity employer and complies with all relevant legislation.

The Company's policy is also to ensure that equal opportunities, including applications for employment, training, career development and promotion exist for disabled persons and employees who have become disabled while employed by the Company having regard to their particular circumstances.

The Company has established over many years a comprehensive programme of employee communication and consultation to systematically provide employees with information on matters of concern to them or their representatives, so that their views can be taken into account when making decisions that are likely to affect their interests. The directors are committed to the continued involvement of employees in this way as an essential element in the Company remaining efficient and competitive. It is an integral part of management's responsibility to ensure that all employees understand the Company's objectives and the contribution that each individual can make to the achievement of those objectives.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This report was approved by the board and signed on its behalf.

[redacted]..........

W A E D Don
Director

Date: 21 September 2018

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

PRINCIPAL ACTIVITIES

The principal activities of the Company are the refining, distribution and marketing of petroleum products in the United Kingdom. The principal subsidiaries of the Company are listed in note 16 to the Financial Statements.

BUSINESS REVIEW

During 2017, the Company recorded an increase in gross profit as a result of higher volumes and margins than the prior year. Profit for the year after taxation increased to £259M (2016 - £179M) due to the absence of a turnaround in 2017. Additionally, the Company completed the sale of service station sites for a profit of £29M after tax.

The Company has net assets of £1,264M *(2016 - £1,137M)*.

In May 2018, the Company paid an amount of £6M cash to the MNOPF, which represented all amounts owed to the fund under deferred deficit contributions, as at 31 December 2017. As a result, all amounts owed to the MNOPF have been classified as short-term liabilities in these financial statements. Third party contributors to the fund that are recharged their share of these obligations by the Company, have also agreed to reimburse the Company in a single payment, later in 2018. Those cash inflows have not been reflected in these financial statements.

KEY PERFORMANCE INDICATORS

The business of the Company is managed on a divisional basis and performance is measured in areas such as safety, the environment, operations and finance. Performance indicators are regularly shared with divisional management, including representatives of the ultimate parent company, Exxon Mobil Corporation.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's principal risks and uncertainties comprise financial risks, health and safety and environment. The Company's policies relating to financial risk management, health and safety and environment are set out in the paragraphs below.

FINANCIAL RISK MANAGEMENT

The Company is exposed to financial risks from a variety of factors that include price, credit, liquidity, interest rates and foreign exchange.

Price risk - The Company is exposed to fluctuations in oil, petrochemical and gas prices as a result of its operations. The Company does not use derivative financial instruments to manage the risk of fluctuating prices, so no hedge accounting is applied. The Company will revisit the appropriateness of this policy should operations change in nature.

FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk - The Company has implemented policies and procedures which require appropriate credit checks on potential customers before sales are made. The Company also has systems and processes to ensure the ongoing monitoring of customer creditworthiness and has in place procedures to enable it to respond where change in customer credit risk is detected.

Liquidity risk - The Company actively manages its finances to ensure that it has sufficient available funds for its operations. It is the directors' understanding that the ExxonMobil group companies will continue to provide suitable resources to the Company to meet its needs. The Company has a process in place to monitor the best financing structure and periodically reviews its strategies. Following such review, loans may be repaid prior to their maturity date or extended or replaced by alternative funding arrangements.

HEALTH AND SAFETY

The Company's policy is to conduct its business in a manner that protects the safety of those involved in its operations, customers and the public. The Company strives to prevent all accidents, injuries and occupational illnesses through its Operations Integrity Management System. This is embedded into everyday work processes at all levels of the organisation and addresses all aspects of managing safety and health, as well as security, environmental and social risks at our facilities. The Company is committed to continuous efforts to identify and eliminate or manage health and safety risks associated with its activities.

ENVIRONMENTAL POLICY

The Company has a policy to ensure that it conducts its business in a manner that is compatible with the balanced environmental and economic needs of the community. Further, it is the Company's policy to comply with all applicable environmental laws and regulations and apply responsible standards where laws and regulations do not exist.

The Company's key principles and commitments in the areas of safety, health and the environment, among others, are consistent with those of its ultimate parent company, Exxon Mobil Corporation. Each year, Exxon Mobil Corporation publishes a detailed and comprehensive Corporate Citizenship Report that gives a full account of its positions, actions and performance.

Copies of this publication can be obtained by writing to: Exxon Mobil Corporation, Attn Public & Government Affairs, CCR Requests, 5959 Las Colinas Boulevard, Irving, Texas 75039-2298, USA. Alternatively, it can be viewed on www.exxonmobil.com.

This report was approved by the board and signed on its behalf.

[redacted]......

W A E D Don
Director

Date: 21 September 2018

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ESSO PETROLEUM COMPANY, LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion, Esso Petroleum Company, Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2017; the Statement of Comprehensive Income for the year ended 31 December 2017; the Statement of Changes in Equity for the year ended 31 December 2017; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

- 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ESSO PETROLEUM COMPANY, LIMITED

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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 1, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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.

Auditors' 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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ESSO PETROLEUM COMPANY, LIMITED

OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

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

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

W[redacted]ng from this responsibility.

Jonathan [redacted]mbert (Senior statutory auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
Date: 21 September 2018

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £M	*2016* *£M*
Turnover	3	**6,383**	*4,882*
Cost of sales		**(5,958)**	*(4,537)*
GROSS PROFIT	4	**425**	*345*
Distribution costs		**(144)**	*(115)*
Administrative expenses		**(41)**	*(30)*
Other operating income		**33**	*21*
OPERATING PROFIT	4	**273**	*221*
Income from fixed assets investments		**24**	*2*
Income from disposal of fixed asset investments		**-**	*2*
Interest receivable and similar income	9	**1**	*2*
Interest payable and similar expenses	10	**(1)**	*(1)*
Other finance costs		**(5)**	*(5)*
PROFIT BEFORE TAX		**292**	*221*
Tax on profit	12	**(33)**	*(42)*
PROFIT FOR THE FINANCIAL YEAR		**259**	*179*
OTHER COMPREHENSIVE INCOME FOR THE YEAR			
Actuarial gains on defined benefit pension scheme		**454**	*11*
Movement of deferred tax relating to pension surplus		**(86)**	*(1)*
OTHER COMPREHENSIVE INCOME FOR THE YEAR		**368**	*10*
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**627**	*189*

ESSO PETROLEUM COMPANY, LIMITED
REGISTERED NUMBER: 26538

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note		2017 £M		2016 £M
FIXED ASSETS					
Intangible fixed assets	14		13		11
Tangible fixed assets	15		630		648
			643		659
CURRENT ASSETS					
Inventories	17	671		627	
Debtors: Amounts falling due after more than one year	18	21		17	
Debtors: Amounts falling due within one year	18	957		1,133	
Pension asset	26	388		-	
		2,037		1,777	
Creditors: Amounts falling due within one year	19	(1,078)		(998)	
NET CURRENT ASSETS			959		779
TOTAL ASSETS LESS CURRENT LIABILITIES			1,602		1,438
Creditors: Amounts falling due after more than one year	20		(100)		(108)
PROVISIONS FOR LIABILITIES					
Deferred tax	23	(58)		-	
Other provisions	24	(22)		(19)	
			(80)		(19)
Pension liability	26		(158)		(174)
NET ASSETS			1,264		1,137
CAPITAL AND RESERVES					
Called up share capital	28		573		573
Other reserves	29		3		3
Profit and loss account	29		688		561
			1,264		1,137

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

....[redacted].............
W A E D Don
Director

Date: 21 September 2018

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Share Capital	Other reserves	Profit and loss account	Total equity
	£M	£M	£M	£M
At 1 January 2017	573	3	561	1,137
Comprehensive income for the year				
Profit for the financial year	-	-	259	259
Actuarial gains on pension scheme	-	-	368	368
Contributions by and distributions to owners				
Dividends: Equity capital	-	-	(500)	(500)
At 31 December 2017	573	3	688	1,264

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Share Capital	Other reserves	Profit and loss account	Total equity
	£M	£M	£M	£M
At 1 January 2016	573	3	372	948
Comprehensive income for the year				
Profit for the financial year	-	-	179	179
Actuarial gains on pension scheme	-	-	10	10
At 31 December 2016	573	3	561	1,137

The notes on pages 12 to 38 form part of these financial statements.

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with Financial Reporting Standard 102, (The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland) and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 2).

The Company is itself a subsidiary company and is exempt from the requirement to prepare group financial statements by virtue of section 401 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

The following principal accounting policies have been applied consistently:

1.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Exxon Mobil Corporation as at 31 December 2017 and these financial statements may be obtained from Exxon Mobil Corporation, Shareholder Relations, Post Office Box 140369, Irving, Texas 75014 - 0369, USA.

1. ACCOUNTING POLICIES (CONTINUED)

1.3 Revenue

The Company's activities consist solely of the processing and sale of crude oil, natural gas, petroleum products and related goods and services.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

In the course of normal business, the Company enters into contracts with third parties, including contracts giving rise to linked sales and cost of sales entries such as location swaps. These linked transactions are not reported separately in Turnover and Cost of Sales, but are reported net.

1. ACCOUNTING POLICIES (CONTINUED)

1.4 Intangible fixed assets

Intangible assets are initially recognised at cost. Under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

Goodwill arising on acquisitions of businesses and recorded in the statement of financial position is amortised through the Statement of Comprehensive Income. The Company amortises such purchased goodwill by equal instalments over the goodwill's expected useful life, which is typically between 10 and 20 years, being the directors' best estimate of the period over which the goodwill will be realised.

The estimated useful lives range as follows:

Software	-	5 years
Goodwill	-	5 to 20 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

The cost of intangible assets represents software and allocated and purchased CO2 emission rights. The CO2 emission rights are not amortised during the year as they are surrendered following the completion of an independent audit of the actual emissions.

1.5 Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

Premiums paid on operating leases for land and buildings have been capitalised and included within land and buildings.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

1. ACCOUNTING POLICIES (CONTINUED)

1.5 Tangible fixed assets (continued)

Depreciation is provided on the following basis:

Buildings	- 3.3% to 4.0% per annum
Plant & equipment	- 3.3% to 20.0% per annum
Long Leasehold land	- 0.5% to 6.67% per annum
Assets under construction	- Not depreciated until brought into use

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the statement of comprehensive income.

1.6 Operating leases: the Company as lessee

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases.

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease.

1.7 Research and development costs

Research and development expenditure is written off in the year in which it is incurred.

1.8 Valuation of investments

Investments held as fixed assets are shown at cost less provision for impairment.

The cost of investment in a subsidiary is based on the discounted future cash flows of that subsidiary. In doing so, critical estimates and assumptions are made with respect to the discount rate used and the projected future activity of the business. The accuracy of those assumptions is reviewed annually in assessing the investment for impairment.

1.9 Inventories

Inventories are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase, including taxes and duties, on a first in, first out basis. Work in progress and finished goods include labour and overheads directly attributable to bringing the inventory to its present location and condition.

The selling price is based on an estimate of the prevailing market conditions as at the date of the Statement of Financial Position. Where the valuation of inventory is determined by reference to the selling price, an element of estimation uncertainty is introduced.

At each reporting date, inventories are assessed for impairment. If an item of inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

1. ACCOUNTING POLICIES (CONTINUED)

1.10 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable and loans to related parties.

Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. Debt instruments, like loans and other accounts receivable and payable, are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

All financial liabilities are held at amortised cost.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.11 Foreign currency translation

Functional and presentation currency of the Company is GBP.

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

1. ACCOUNTING POLICIES (CONTINUED)

1.12 Borrowing costs

Borrowing costs are charged to the statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

1.13 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid.

1.14 Pensions

Defined benefit pension plan

The Company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The asset / liability recognised in the statement of financial position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled.

The Company recognises a surplus to the extent that it is able to recover the surplus through reduced contributions in the future.

Defined benefit pension obligations and net income statement costs are based on key assumptions, including discount rates, mortality and inflation. Changes in these assumptions, individually or collectively, may result in significant changes in the size of the net surplus / deficit.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Actuarial gains and losses'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

a) the increase in net pension benefit liability arising from employee service during the period; and

b) the cost of plan introductions, benefit changes, curtailments and settlements.

1. ACCOUNTING POLICIES (CONTINUED)

Pensions (continued)

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in the statement of comprehensive income as 'other finance costs'.

Pension costs and contribution are determined by the sponsoring company by which the past and present members are and were employed.

Multi-employer pension plan

The Company is a member of the Merchant Navy Officers Pension Fund and the Merchant Navy Ratings Pension Fund ('MNRPF'), both are multi-employer plans. It is not possible for the Company to obtain sufficient information to enable it to account for these plans as defined benefit plans and therefore accounts for them as defined contribution plans.

Pension costs and contributions are determined by the sponsoring company by which the past and present members are and were employed.

1.15 Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

1.16 Provisions

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

1. ACCOUNTING POLICIES (CONTINUED)

1.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

1.18 Cash

As part of ExxonMobil's Treasury operations, the Company participates in an interest bearing bank account sweeping arrangement with another ExxonMobil group undertaking whereby the transactions cleared by the banks included in this arrangement are transferred to that undertaking on a daily basis. The net amount as at the statement of financial position date is fully liquid with the Company retaining full ability to access the cash at any time. Interest is charged at GBP LIBOR plus 0.35 % on overdraft positions and GBP LIBOR less 0.05 % on deposit positions.

2. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements, in conformity with Generally Accepted Accounting Principles, requires management to make estimates and assumptions that affect the reported assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses incurred during that period.

In the directors opinion, the significant judgements and key sources of estimation uncertainty involved in the preparation of these financial statements include:

- the valuation of inventory; and
- the valuation of the defined benefit pension scheme asset / (liability).

Actual outcomes could differ from those estimates.

3. ANALYSIS OF TURNOVER

Analysis of turnover by country of destination:

	2017 £M	*2016 £M*
United Kingdom	4,356	*3,440*
Rest of Europe	998	*665*
Rest of the world	1,029	*777*
	6,383	*4,882*

4. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2017 £M	*2016 £M*
Research & development	7	*6*
Depreciation of tangible fixed assets	57	*50*
Amortisation of intangible fixed assets, including goodwill	1	*2*
Foreign exchange differences	(16)	*31*
Operating lease expense - plant and equipment	7	*8*
Defined benefit pension cost	88	*68*

5. AUDITORS' REMUNERATION

	2017 £'000	*2016 £'000*
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	120	*119*
Fees payable to the Company's auditor in respect of:		
Audit-related assurance services in connection to the Company's pension scheme	55	*54*
All other services	-	*6*
	55	*60*

6. PERSONNEL COSTS

Personnel costs were as follows:

	2017 £M	*2016* *£M*
Wages and salaries	99	*102*
Social security costs	35	*33*
Pension costs	88	*68*
	222	*203*

The average number of employees during the year was as follows:

	2017 No.	*2016* *No.*
Marketing, refining and transportation	1,291	*1,304*

The above numbers exclude the following employees seconded to other ExxonMobil affiliates. The Company does not bear the cost of these employees.

	2017 No.	*2016* *No.*
Marketing, refining and transportation	176	*192*
Exploration and production	336	*382*
	512	*574*

The average headcount numbers above are determined on a quarterly basis. The directors are confident that these are not significantly different to numbers determined on a monthly basis.

7. DIRECTORS' REMUNERATION

	2017 £M	*2016 £M*
Remuneration	-	*1*

During the year retirement benefits were accruing to 1 director *(2016 - 1)* in respect of defined contribution pension schemes.

During the year retirement benefits were accruing to 6 directors *(2016 - 7)* in respect of defined benefit pension schemes.

The highest paid director received remuneration of £136k *(2016 - £997k)*.

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL *(2016 - £7k)*.

The total accrued pension provision of the highest paid director at 31 December 2017 amounted to £18k *(2016 - £106k)*.

The above figures are based on a percentage split, according to time spent by each director in the Company which is determined by each director.

8. INCOME FROM FIXED ASSET INVESTMENTS

	2017 £M	*2016 £M*
Dividends received from unlisted investments	24	*2*

9. INTEREST RECEIVABLE AND SIMILAR INCOME

	2017 £M	*2016 £M*
Interest receivable from group undertakings	1	*2*

10. INTEREST PAYABLE AND SIMILAR EXPENSES

	2017 £M	*2016 £M*
Interest payable to group undertakings	1	*1*

11. OTHER FINANCE COSTS

	2017 £M	*2016 £M*
Net interest expense on defined benefit pension	5	*5*

12. TAXATION

	2017 £M	*2016 £M*
CORPORATION TAX		
Current tax on profits for the year	62	*50*
Adjustments in respect of prior periods	(5)	*1*
TOTAL CURRENT TAX	57	*51*
DEFERRED TAX		
Origination and reversal of timing differences	(24)	*(9)*
TAX ON PROFIT	33	*42*

12. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than *(2016 - lower than)* the average standard rate of corporation tax in the UK of 19.25% *(2016 - 20.00%)*. The differences are explained below:

	2017 £M	*2016 £M*
Profit before tax	**292**	*221*
Profit multiplied by the average standard rate of corporation tax in the UK of 19.25% (2016 - 20.00%)	**56**	*44*
EFFECTS OF:		
Net (income) / expenses not deductible for tax purposes	**(6)**	*(6)*
Capital allowances for the year in excess of depreciation	**(7)**	*4*
Adjustments in respect of prior periods	**(5)**	*1*
Dividends from UK companies	**(5)**	*(1)*
TOTAL TAX CHARGE FOR THE YEAR	**33**	*42*

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

Corporation Tax has been calculated at 19.25% of the taxable profits for the year (2016 - 20%). Legislation was enacted in November 2015 to reduce the UK statutory corporation tax rate from 20% to 19% effective from 1 April 2017, and in September 2016 to reduce the rate to 17% effective from 1 April 2020.

13. DIVIDENDS

	2017 £M	*2016 £M*
Dividends paid on equity capital	**500**	-

14. INTANGIBLE ASSETS

	Software £M	Other £M	Goodwill £M	Total £M
COST				
At 1 January 2017	44	5	7	56
Transfers	-	8	-	8
Disposals	(2)	(5)	-	(7)
At 31 December 2017	42	8	7	57
ACCUMULATED AMORTISATION				
At 1 January 2017	38	-	7	45
Charge for the year	1	-	-	1
Disposals	(2)	-	-	(2)
At 31 December 2017	37	-	7	44
NET BOOK VALUE				
At 31 December 2017	5	8	-	13
At 31 December 2016	*6*	*5*	*-*	*11*

15. TANGIBLE FIXED ASSETS

	Retail Sites £M	Other Land & buildings £M	Plant & Equipment £M	Assets under Construction £M	Total £M
COST OR VALUATION					
At 1 January 2017	98	109	1,655	55	1,917
Additions	-	-	-	48	48
Disposals	(3)	-	(11)	-	(14)
Transfers between classes	3	(1)	50	(60)	(8)
At 31 December 2017	98	108	1,694	43	1,943
ACCUMULATED DEPRECIATION					
At 1 January 2017	32	53	1,184	-	1,269
Charge for the year	3	2	52	-	57
Disposals	(2)	-	(11)	-	(13)
At 31 December 2017	33	55	1,225	-	1,313
NET BOOK VALUE					
At 31 December 2017	65	53	469	43	630
At 31 December 2016	*66*	*56*	*471*	*55*	*648*

The net book value of land and buildings may be further analysed as follows:

	2017 £M	*2016 £M*
Freehold	65	*66*
Long leasehold	53	*56*
	118	*122*

16. FIXED ASSET INVESTMENTS

DIRECT SUBSIDIARY UNDERTAKINGS

The following were direct subsidiary undertakings of the Company:

Name	Class of shares	Holding
ExxonMobil Pension Trust Limited	Ordinary	100 %
ROC UK Limited	Ordinary	100 %

OTHER INVESTMENTS

Name	Class of shares	Holding
Gatwick Airport Storage and Hydrant Company Limited	Ordinary	25 %
Heathrow Hydrant Operating Company Limited	Ordinary	20 %
Stansted Fuelling Company Limited	Ordinary	29 %

All the companies operate in the United Kingdom, are registered in England and Wales and have principal activities related to the oil and gas business.

The registered office of Gatwick Airport Storage and Hydrant Company Limited is: 8 York Road, London, SE1 7NA and that of Heathrow Hydrant Operating Company Limited is: Building 1204 Sandringham Road, Heathrow Airport, Hounslow, Middlesex, TW6 3SH.

All of the other subsidiary companies have their registered offices at: Ermyn House, Ermyn Way, Leatherhead, Surrey, KT22 8UX.

17. INVENTORIES

	2017 £M	*2016 £M*
Raw materials and consumables	232	*216*
Work in progress	132	*110*
Finished goods and goods for resale	307	*301*
	671	*627*

The replacement cost of all categories of inventories held by the Company at 31 December 2017 was £699M (2016 - £679M).

18. DEBTORS

	2017 £M	*2016 £M*
DUE AFTER MORE THAN ONE YEAR		
Other debtors	**6**	*5*
Prepayments and accrued income	**15**	*12*
	21	*17*

	2017 £M	*2016 £M*
DUE WITHIN ONE YEAR		
Trade debtors	**651**	*602*
Amounts owed by group undertakings	**252**	*464*
Other debtors	**43**	*38*
Prepayments and accrued income	**6**	*18*
Tax recoverable	**5**	*7*
Deferred tax asset (note 23)	**-**	*4*
	957	*1,133*

During the year the Company revised the way deferred tax related to the defined benefit pension scheme is presented in the accounts. Instead of including the amount as part of the total net pension scheme asset / (liability) (note 26), it is now included as a component of the deferred tax provision / asset (note 23). As a result the prior year amount of the Deferred tax asset above, reflects this representation.

The Company participates in an interest-bearing bank account sweeping arrangement with another ExxonMobil group undertaking whereby the transactions cleared by the banks included in this arrangement are transferred to that undertaking on a daily basis. The net amount of £174M as at 31 December 2017 is included in 'Amounts owed by group undertakings' *(2016 - £377M)*.

All other balances are unsecured, interest free and have no fixed repayment date.

19. CREDITORS: Amounts falling due within one year

	2017 £M	*2016 £M*
Trade creditors	59	*40*
Amounts owed to group undertakings	268	*261*
Corporation tax	32	*28*
Other taxation and social security	554	*515*
Other creditors	7	*8*
Multi-employer pension plan	6	*-*
Accruals and deferred income	152	*146*
	1,078	*998*

In 2018 the Company agreed with the Merchant Navy Officers Pension Fund to settle all deficit contributions due, that were outstanding as at 31 December 2017, for a one-off payment of £6M. This amount is included above in 'Multi-employer pension plan' *(2016 'Creditors: Amounts falling due after one year' - £8M).*

20. CREDITORS: Amounts falling due after more than one year

	2017 £M	*2016 £M*
Amounts owed to group undertakings	100	*100*
Multi-employer pension plan	-	*8*
	100	*108*

Except for the loans detailed in note 21 all other amounts are unsecured, interest free and have no fixed repayment date.

21. LOANS

Analysis of the maturity of loans is given below:

	2017 £M	*2016 £M*
AMOUNTS OWED TO GROUP UNDERTAKINGS		
Repayable after 1 year	100	*100*

LOANS (CONTINUED)

Amounts repayable after one year include loans at the following interest rates:

Interest at a rate of 3 month LIBOR +0.0625% (2016 - 3 month LIBOR +0.0625%)	**100**	*100*

Included in the amounts falling due after one year is an amount of £100M with interest payable in quarterly instalments and principal which is repayable on or before 31 December 2033 and carries variable interest at LIBOR +0.0625%.

22. FINANCIAL INSTRUMENTS

	2017 £M	*2016 £M*
FINANCIAL ASSETS		
Financial assets that are debt instruments measured at amortised cost	**953**	*1,119*
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost	**585**	*564*

The carrying value of financial assets and financial liabilities approximates their fair value.

23. DEFERRED TAXATION

	2017 £M	*2016 £M*
At 1 January	**4**	*(4)*
(Credited) / charged to the profit or loss	**(62)**	*8*
At 31 December	**(58)**	*4*

23. DEFERRED TAXATION (CONTINUED)

The provision for deferred taxation / deferred tax asset is made up as follows:

	2017 £M	*2016 £M*
Accelerated capital allowances	(26)	*(31)*
Pension	(32)	*35*
	(58)	*4*

Estimated deferred tax due to be released within one year amounts to £3M.

24. PROVISIONS

	URBS £M	Other £M	Total £M
At 1 January 2017	8	11	19
Charged to profit or loss	2	3	5
Utilised in year	-	(2)	(2)
AT 31 DECEMBER 2017	10	12	22

The Unfunded Retirement Benefit Scheme ('URBS') provision relates to salary sacrifices by the members of the ExxonMobil supplementary pension plan (see note 26). Other provisions consist of an environmental remediation reserve for two terminals.

25. CAPITAL COMMITMENTS

At 31 December the Company had capital commitments as follows:

	2017 £M	*2016 £M*
Contracted for but not provided in these financial statements	30	*26*

26. PENSION COMMITMENTS

The Company operates a Defined Benefit Pension Scheme.

The Company is the principal employer of a Defined Benefit Pension Scheme providing final salary benefits. The Scheme is open to new members. The Scheme is subject to the statutory funding objective and so must aim to have sufficient and appropriate assets to cover the Scheme's liabilities on the funding basis which is agreed between the member companies and the Trustee of the Scheme.

As at the date of the most recently completed actuarial valuation (31 December 2016) the statutory funding objective was met. However, if the statutory funding objective is not met, the shortfall revealed between the Scheme's assets and liabilities must be repaired through the payment of deficiency contributions. The Scheme obtained the necessary authorisations and approval under Part 7 of the Pensions Act 2004 to become a 'cross border' scheme. As the scheme is a 'cross border' arrangement, any deficiency contributions must be paid within the period of 2 years following the valuation date.

	2017 **£M**	*2016* *£M*
RECONCILIATION OF PRESENT VALUE OF SCHEME LIABILITIES:		
At the beginning of the year	**5,294**	*4,376*
Current service cost	**88**	*68*
Interest cost	**139**	*161*
Actuarial (gains) / losses	**(211)**	*860*
Benefits paid	**(213)**	*(190)*
Other	**-**	*(1)*
Foreign exchange effects on revaluation	**5**	*20*
AT THE END OF THE YEAR	**5,102**	*5,294*

26. PENSION COMMITMENTS (CONTINUED)

	2017 £M	*2016* *£M*
RECONCILIATION OF PRESENT VALUE OF SCHEME ASSETS:		
At the beginning of the year	**5,120**	*4,221*
Interest income	**134**	*156*
Actuarial gains / (losses)	**243**	*866*
Contributions	**44**	*44*
Benefits paid	**(213)**	*(190)*
Administration costs paid	**(2)**	*(2)*
Foreign exchange effects on revaluation	**6**	*25*
AT THE END OF THE YEAR	**5,332**	*5,120*

	2017 £M	*2016* *£M*
COMPOSITION OF SCHEME ASSETS:		
Equity securities	**1,595**	*2,030*
Debt securities	**3,723**	*3,074*
Other	**14**	*16*
TOTAL SCHEME ASSETS	**5,332**	*5,120*

	2017 £M	*2016* *£M*
Fair value of scheme assets	**5,332**	*5,120*
Present value of scheme liabilities	**(5,102)**	*(5,294)*
NET PENSION SCHEME ASSET / (LIABILITY)	**230**	*(174)*

26. PENSION COMMITMENTS (CONTINUED)

The amounts recognised in statement of comprehensive income are as follows:

	2017 £M	*2016 £M*
Current service cost	(88)	*(68)*
Interest on obligation	(139)	*(161)*
Interest Income on assets	134	*156*
Administration costs paid	(2)	*(2)*
Foreign exchange effects on revaluation	(1)	*-*
TOTAL	(96)	*(75)*

The cumulative amount of actuarial net losses recognised in the Statement of Comprehensive Income was £1,073M *(2016 - £1,527M).*

The Company expects to contribute £40M to its Defined Benefit Pension Scheme in 2018, mainly in respect of employee 'salary sacrifices'.

Following the 2016 actuarial valuation which resulted in an increase to the surplus in the Scheme, the Company and the Trustee have agreed a normal employer contribution holiday during 2018.

	2017 £M	*2016 £M*
ANALYSIS OF ACTUARIAL GAIN / (LOSS) RECOGNISED IN OTHER COMPREHENSIVE INCOME		
Actual return less interest income included in net interest income	243	*866*
Experience gains and losses arising on the scheme liabilities	44	*34*
Changes in assumptions underlying the present value of the scheme liabilities	167	*(894)*
Foreign exchange effects on revaluation	-	*5*
TOTAL	454	*11*

26. PENSION COMMITMENTS (CONTINUED)

Principal actuarial assumptions at the statement of financial position date (expressed as weighted averages):

	2017	*2016*
	%	*%*
Discount rate	**2.60 %**	*2.70 %*
Expected return on scheme assets	**2.60 %**	*2.70 %*
Price Inflation (RPI)	**3.10 %**	*3.20 %*
Price Inflation (CPI)	**2.10 %**	*2.20 %*
Future salary increases	**3.10 %**	*3.20 %*
Pension increases for in-payment benefits:		
- Pre - 1997 benefits	**2.20 %**	*2.20 %*
- 1997 - 2006 benefits	**3.10 %**	*3.20 %*
- Post April 06	**2.50 %**	*2.50 %*
Pension Increases for deferred benefits	**2.10 %**	*2.20 %*
Mortality assumptions		
- for a male aged 60 now	**27.4**	*28.1*
- at 60 for a male aged 50 now	**28.1**	*29.0*
- for a female aged 60 now	**29.1**	*30.6*
- at 60 for a female aged 50 now	**29.9**	*31.7*

PENSION COMMITMENTS (CONTINUED)

ExxonMobil Supplementary Plan

There is an additional ExxonMobil Supplementary Pension Plan which is an unfunded pension scheme.

Included in the valuation above is an amount of £157.5M (2016 - £131.6M) which relates to the unfunded ExxonMobil Supplementary Plan.

Merchant Navy Officers Pension Fund

The Company is a participating employer in the Merchant Navy Officers Pension Fund ("MNOPF"). Company contributions to this fund amounted to £2M (2016 - £2M) during the year. In 2017 and 2016 this consisted entirely of deficit contributions.

The actuarial valuation as at 31 March 2012 showed an aggregate fund deficit of £492M (2009 - £740M). Additional contributions as a result of this valuation were requested with effect from September 2013 that were due to be made until September 2023. Following discussions with the trustees of MNOPF, the Company agreed to pay a total of $6M in full settlement of these obligations. This amount was duly paid by the Company in May 2018.

The last valuation report for this fund was carried out by a qualified independent actuary as at 31 March 2015.

No additional contributions were requested as a result.

The schedules provided by the fund's trustees to the Company detail only the amount for which it is seeking contribution, so the Company is unable to identify its share of the underlying assets and liabilities of the plan on a consistent and reliable basis and in accordance with paragraph 28.11A of FRS 102 is therefore treating the plan as a defined contribution plan.

All employers participating in the MNOPF are joint and severally liable for obligations of the fund.

Merchant Navy Ratings Pension Fund

The Company is also a participating employer in the Merchant Navy Ratings Pension Fund. Company contributions amounted to £NIL (2016 - £114k) during the year consisting entirely of deficit contributions.

The latest actuarial valuation as at 31 March 2017 showed an aggregated fund deficit of £89M. Additional contributions of £6M as a result of this valuation have been requested but are not material for adjustment within the financial statements.

The schedules provided by the fund's trustees to the Company detail only the amount for which it is seeking contribution, so the Company is unable to identify its share of the underlying assets and liabilities of the plan on a consistent and reliable basis and in accordance with paragraph 28.11A of FRS 102 is therefore treating the plan as a defined contribution plan.

All employers participating in the Merchant Navy Ratings Pension Fund are joint and severally liable for obligations of the fund.

27. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017	*2016*
	£M	*£M*
Not later than 1 year	**1**	*1*
Later than 1 year and not later than 5 years	**3**	*3*
Later than 5 years	**7**	*5*
	11	*9*

28. SHARE CAPITAL

	2017	*2016*
	£M	*£M*
Allotted, called up and fully paid		
228,385,200 *(2016 - 228,385,200)* ordinary shares of £1 each	**228**	*228*
345,000,000 *(2016 - 345,000,000)* redeemable ordinary shares of £1 each	**345**	*345*
	573	*573*

29. RESERVES

Other reserves

Other reserves relate to amounts used to capitalise the Company other than by sale of stock.

Profit and loss account

Profit and loss account represents accumulated comprehensive income for the year and prior years less dividends.

30. RELATED PARTY TRANSACTIONS

During the financial year, the Company entered into sales and purchasing transactions with other related parties.

The related parties, as defined by FRS 102 section 33, the nature of the relationship and the extent of the transactions with them are summarised below.

The following table details balances from and to other related parties divided between trade and loan accounts at the statement of financial position date in accordance with the disclosure requirements of FRS 102 section 33. The related parties disclosed in the table below are affiliated entities which are not wholly owned within the ExxonMobil Corporation group. Balances and transactions between the Company and related parties which are wholly owned within the ExxonMobil Corporation are not disclosed.

	2017	*2016*
	£M	*£M*
Turnover	**6**	*2*
Cost of Sales	**2**	*1*
Debtors	**39**	*12*
Creditors	**37**	*13*

31. POST BALANCE SHEET EVENTS

In May 2018, the Company paid an amount of £6M cash to the MNOPF, which represented all amounts owed to the fund under deferred deficit contributions, as at 31 December 2017.

On 15 June 2018 the Company issued 180,000,000 £1 ordinary shares at par to its parent ExxonMobil UK Limited ("EMUKL") for cash.

In June 2018 the Company completed the purchase of 423,590 of the 423,600 ordinary shares in issue of PT Federal Karyatama ("FKT"), a lubricants manufacturer based in Indonesia, for cash consideration of $436M.

32. CONTROLLING PARTY

The immediate parent company is ExxonMobil UK Limited. The ultimate parent company and controlling party is Exxon Mobil Corporation, incorporated in New Jersey, USA. Exxon Mobil Corporation is listed on the New York Stock Exchange and its shares are widely dispersed. The smallest and the largest group of which the Company is a member and for which group financial statements are prepared is Exxon Mobil Corporation. Financial statements can be obtained from Exxon Mobil Corporation, Shareholder Relations, Post Office Box 140369, Irving, Texas 75014 - 0369, USA.

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