Registered number: 05458042

XTO UK, LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

XTO UK, LTD

COMPANY INFORMATION

DIRECTORS	P Greenwood N J Harker A M Johnson (resigned 1 May 2023) S Oldfield (appointed 1 May 2023)
COMPANY SECRETARY	K Mulligan (appointed 12 April 2023) F H Harness (resigned 12 April 2023)
REGISTERED NUMBER	05458042
REGISTERED OFFICE	Ermyn House Ermyn Way Leatherhead Surrey KT22 8UX
INDEPENDENT AUDITORS	Grant Thornton Chartered Accountants and Statutory Auditors 13-18 City Quay Dublin Ireland D02 ED70
COMPANY TYPE	XTO UK, LTD is a private company, limited by shares and registered in England and Wales

XTO UK, LTD

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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

The directors present their report and the audited financial statements for XTO UK, LTD (the "Company") for the year ended 31 December 2023.

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements 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). Under company law, 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 accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 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. The directors 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.

PRINCIPAL ACTIVITIES

The principal activity of the Company is the development and production of oil and gas reserves in the UK continental shelf.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to $1,351k *(2022 - $651k)*.

No dividends were recommended by the directors or paid during the year *(2022 - $Nil)*.

DIRECTORS

The directors who served during the year were:

P Greenwood
N J Harker
A M Johnson (resigned 1 May 2023)
S Oldfield (appointed 1 May 2023)

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

GOING CONCERN

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company has a sufficient cash deposit position held with another ExxonMobil group undertaking which the directors believe will be sufficient to cover existing liabilities and consider that it will continue to generate sufficient funds to cover both its operating expenses and abandonment obligations in the upcoming period. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

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
- the 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.

AUDITORS

The auditors, Grant Thornton, continue in office in accordance with Section 485 of the Companies Act 2006.

EXEMPTIONS

We have taken advantage of the disclosure exemption under Companies Act 2006, Section 414B to not prepare a strategic report.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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

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S Oldfield
Director

Date: July 10, 2024

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF XTO UK, LTD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of XTO UK, LTD (the "Company"), which comprise the Statement of comprehensive income, Statement of financial position, the Statement of changes in equity for the year ended 31 December 2023; and the related notes to the financial statements, and the related notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (United Kingdom Generally Accepted Accounting Practice).

In our opinion, XTO UK, LTD's financial statements:

- give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the assets, liabilities and financial position of the Company's as at 31 December 2023 and of its profit for the year then ended; and
- have been properly prepared in accordance of 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 ‘Responsibilities of the auditor for the audit of the financial statements’ section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the FRC’s Ethical Standard and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances for the entity. 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors’ use of going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other matter

The financial statements of XTO UK, LTD for the year ended 31 December 2022, were audited by PricewaterhouseCoopers LLP who expressed an unmodified opinion on those statements on 29 September 2023.

Other information

Other information comprises information included in the annual report, other than the financial statements and our auditor’s report thereon, including the Directors' report. 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 our 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 in the financial statements, 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 this 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report have/has 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 any material misstatements in the Directors' report. We have nothing to report in respect of the following matters where 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; or
- the directors were not entitled to take advantage of the small companies’ exemptions from the requirement to prepare a Strategic Report or in preparing the Directors’ Report.

Responsibilities of management and those charged with governance for the financial statements

As explained more fully in the Directors' responsibilities statement, management is responsible for the preparation of the financial statements which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102, and for such internal control as directors determine necessary to enable the preparation of financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is 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 management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

Responsibilities of the auditor for the audit of the financial statements

The objectives of an auditor 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 their 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 an auditor’s responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor’s report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatement in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with data protection requirements in the jurisdictions in which the Company operates and holds data, other environment regulations and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and UK tax legislation. The Audit engagement partner considered the experience and expertise of the engagement team, to ensure that the team had appropriate competence and capabilities to identify or recognise non-compliance with the laws and regulation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial performance and management bias through judgements and assumptions in significant accounting estimates, in particular in relation to significant one-off or unusual transactions. We apply professional scepticism through the audit to consider potential deliberate omission or concealment of significant transactions, or incomplete/inaccurate disclosures in the financial statements.

In response to these principal risks, our audit procedures included but were not limited to:

- enquiries of management on the policies and procedures in place regarding compliance with laws and regulations, including consideration of known or suspected instances of non-compliance and whether they have knowledge of any actual, suspected or alleged fraud;
- inspection of the Company's regulatory and legal correspondence and review of minutes of directors' meetings during the year to corroborate inquiries made;
- gaining an understanding of the entity's current activities, the scope of authorisation and the effectiveness of its control environment to mitigate risks related to fraud;
- discussion amongst the engagement team in relation to the identified laws and regulations and regarding the risk of fraud, and remaining alert to any indications of non-compliance or opportunities for fraudulent manipulation of financial statements throughout the audit;
- identifying and testing journal entries to address the risk of inappropriate journals and management override of controls;
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- challenging assumptions and judgements made by management in their significant accounting estimates, including provision estimate; and
- review of the financial statement disclosures to underlying supporting documentation and inquiries of management.

The primary responsibility for the prevention and detection of irregularities including fraud rests with those charged with governance and management. As with any audit, there remains a risk of non-detection or irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or override of internal controls.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF XTO UK, LTD

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

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

Cathal Kelly (Senior statutory auditor)
for and on behalf of Grant Thornton
Chartered Accountants and Statutory Auditors
13-18 City Quay
Dublin 2
Date: 10 July 2024

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 $000	2022 $000
Turnover	3	**3,789**	*4,890*
Cost of sales		**(2,832)**	*(1,566)*
Gross profit		**957**	*3,324*
Interest receivable and similar income	6	**477**	*113*
Interest payable and similar expenses	7	**(373)**	*(599)*
Profit before tax		**1,061**	*2,838*
Tax on profit	8	**290**	*(2,187)*
Profit for the financial year		**1,351**	*651*

There was no other comprehensive income for 2023 (2022:$NIL).

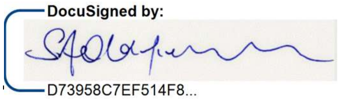
XTO UK, LTD
REGISTERED NUMBER: 05458042

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note		2023 $000		*2022 $000*
Tangible fixed assets	9		-		-
Current assets					
Debtors	10	**11,557**		*9,827*	
Cash at bank and in hand	11	**29,089**		*25,659*	
		40,646		*35,486*	
Creditors: Amounts falling due within one year	12	**(2,698)**		*(2,707)*	
Net current assets			**37,948**		*32,779*
Total assets less current liabilities			**37,948**		*32,779*
Creditors: amounts falling due after more than one year	13		**(29,091)**		*(25,632)*
Provisions for liabilities					
Other provisions			**(5,484)**		*(5,125)*
Net assets			**3,373**		*2,022*
Capital and reserves					
Called up share capital	17		-		-
Share premium account	18		**15,002**		*15,002*
Other reserves	18		**47,432**		*47,432*
Profit and loss account	18		**(59,061)**		*(60,412)*
Total equity			**3,373**		*2,022*

The accounts have been prepared in accordance with the special provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FSR 102 Section 1A - small entities.

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



S Oldfield
Director

Date: July 10, 2024

The notes on pages 10 to 23 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	$000	$000	$000	$000	$000
At 1 January 2022	**-**	**15,002**	**47,432**	**(61,063)**	**1,371**
Comprehensive income for the year					
Profit for the year	**-**	**-**	**-**	**651**	**651**
At 1 January 2023	**-**	**15,002**	**47,432**	**(60,412)**	**2,022**
Comprehensive income for the year					
Profit for the year	**-**	**-**	**-**	**1,351**	**1,351**
At 31 December 2023	**-**	**15,002**	**47,432**	**(59,061)**	**3,373**

1. ACCOUNTING POLICIES

1.1 General information

The principal activity of the Company is the development and production of oil and gas reserves in the UK continental shelf.

The Company is a private company limited by shares and incorporated in England and Wales. The address of the registered office is Ermyn House, Ermyn Way, Leatherhead.

1.2 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 United Kingdom Accounting Standards, including Section 1A of Financial Reporting Standard 102, ‘The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland’ (‘FRS 102’) and the Companies Act 2006. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

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 following principal accounting policies have been applied consistently:

1.3 Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company has a sufficient cash deposit position held with another ExxonMobil group undertaking which the directors believe will be sufficient to cover existing liabilities and consider that it will continue to generate sufficient funds to cover both its operating expenses and abandonment obligations in the upcoming period. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

1. ACCOUNTING POLICIES (CONTINUED)

1.4 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 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- 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 2023 and these financial statements may be obtained from Exxon Mobil Corporation, Shareholder Relations, 22777 Springswoods Village Parkway Spring, TX 77389, USA.

1.5 Turnover

The Company's activities consist of the development and production of oil and gas interests in the UK continental shelf. 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. The following criteria must be met before revenue is recognised:

Sale of goods

Turnover 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 turnover 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

Revenue is recognized when gas has been physically delivered to the customer.

1.6 Joint ventures

The Company has entered into an unincorporated joint venture agreement in which it has a long term interest and shares control. This agreement covers all of the Company's North Sea operations. The financial statements include the Company's proportionate share of the results of operations and balances related to these operations.

1. ACCOUNTING POLICIES (CONTINUED)

1.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Assets are regularly reviewed for evidence of possible impairment. Major assets, are reviewed on a yearly basis while other assets are reviewed where events or changes in circumstance indicate that an impairment review is necessary. Where a review indicates that the asset, or cash generating unit (CGU) where applicable, requires impairment then the carrying value will be written down immediately to its recoverable amount.

The recoverable amount of an asset, or CGU is the higher of its fair value less costs to sell and its value in use. Value in use, is the present value of the estimated future pre-tax cash flows expected to be derived from an asset, discounted at an appropriate pre-tax discount rate. If the recoverable amount of the asset, or asset's CGU is estimated to be lower than the carrying amount, then the carrying amount is reduced to its recoverable amount and the reduction recognised in the statement of comprehensive income.

The cost of unsuccessful exploration wells is written off when determined. The cost of development wells, including those which are unsuccessful, is included in completed assets; unfinished wells and successful wells not yet producing are carried in assets under construction.

Depreciation and amortisation are charged to reduce the cost of each group of assets to its residual value over its expected useful life. Exploration and production assets, including productive acreage, leases and well investment, are depreciated or amortised by the unit of production method, the rate being based on reserves estimated to be recoverable using established recovery techniques. All other assets including certain gas transportation, processing, treatment and storage assets are depreciated or amortised by equal annual installments at rates ranging from 3.3% to 20% per annum, except for assets under construction on which no depreciation is provided.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Plant and Equipment	- Unit of production method and equal annual installments is between 3.3% to 20% 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 in profit or loss.

1.8 Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

1. ACCOUNTING POLICIES (CONTINUED)

1.8 Financial instruments (continued)

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 liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

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.

1.9 Foreign currency translation

Functional and presentation currency of the Company is USD.

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)

1.10 Borrowing costs

Interest expense is 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.

1.11 Interest income

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

1.12 Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount of the obligation can be estimated reliably.

1.13 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. ACCOUNTING POLICIES (CONTINUED)

1.14 Decommissioning

The Company calculates its decommissioning provision as prescribed by FRS 102, S.21 'Provisions and Contingencies'.

Provision is made for the net present cost of decommissioning oil and gas production facilities at the end of the producing life of the field, based on the price levels and technology at the statement of financial position date.

As prescribed by FRS 102 S.17 'Property, Plant and Equipment', a corresponding tangible fixed asset within Plant and Equipment is recognised in respect of decommissioning costs, which is subject to amortisation charges on a unit of production method, based on reserves estimated to be recoverable using proved recovery methods, price levels and technology at the statement of financial position date.

Notional interest charges arise over time, based on the unwinding of discounted decommissioning liabilities. The decommissioning liability for the Wingate field is reviewed on a regular basis. Changes in the estimated cost of decommissioning and changes in discount rate are dealt with prospectively.

Calculation of the decommissioning provision is based on a standard process adopted by all relevant ExxonMobil affiliates using estimates of costs that management expect will be incurred in the future.

Accordingly judgement and estimation techniques are used. These include both internally generated assumptions and external cost estimates provided by specialists in North Sea decommissioning. The assumptions include, but are not limited to vessel rates, foreign exchange rates, the estimate of the end of field life, discount rates, project management costs, the duration of the decommissioning and weather-based contingencies.

1.15 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 and disclosed as a short-term financial instrument within amounts owed by group undertakings.

From 1 January 2023 interest related to these cash positions is based on the Secured Overnight Financing Rate, “SOFR”, plus applicable spread adjustment (“USD Fallback Rate”). Interest is charged at USD Fallback Rate plus 0.90% on overdraft positions and USD Fallback Rate plus 0.10% on deposit positions.

In addition to the above, and not included in the bank account sweeping arrangement, the Company has a further bank account that is used to hold on trust decommissioning liability security deposits received from joint venture partners. The account is not interest bearing.

1.16 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

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

Significant Judgements

The directors considered potential triggers for reversing the previous impairment. They concluded that it would be inappropriate to do so considering the below outlined factors:

- Wingate is a mature field, very close to end of field-life, highly likely to cease production within the next 2 years or even earlier;
- A high level of uncertainty regarding the gas market and profitability of the field.

Estimates

In applying the Company's accounting policies described above, the key sources of estimation uncertainty that carry risk of a material adjustment to the carrying value of assets or liabilities in the preparation of these financial statements include:

- the calculation of the decommissioning provision, which is sensitive to a number of factors the most material of which is the interest rate for discounting the future cash outflows; and
- management performed an assessment on the deferred tax position of the Company, and concluded to make a change on the rate used for the calculation. Key assumption used: considering the rate of tax relief expected to be achieved in respect of decommissioning cost.

The details of the assumptions used are set out in the accounting policies and the notes to the financial statements.

3. ANALYSIS OF TURNOVER

All turnover arose within Europe.

4. OPERATING PROFIT

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

	2023	*2022*
	$000	*$000*
Foreign exchange differences	**171**	*(100)*

5. PERSONNEL COSTS

The Company has no employees other than the directors, who did not receive any remuneration *(2022 - $Nil)*.

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2023 $000	2022 $000
Interest receivable from group undertakings	477	113

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2023 $000	2022 $000
Unwinding of discount on decommissioning liability	373	599

8. TAXATION

	2023 $000	2022 $000
Corporation tax		
Current tax on profits for the year	828	1,864
Adjustments in respect of previous periods	(337)	226
Total current tax	491	2,090
Deferred tax		
Origination and reversal of timing differences	(758)	97
Adjustments in respect of previous periods	(23)	-
Total deferred tax	(781)	97
Taxation on profit on ordinary activities	(290)	2,187

8. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than *(2022 - higher than)* the applicable rate of corporation tax in the UK of 65% *(2022 - 55%)*. The differences are explained below:

	2023 $000	*2022 $000*
Profit on ordinary activities before tax	**1,061**	*2,838*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 65% (2022 - 55%)	**828**	*1,561*
Effects of:		
Expenses/(credits) not deductible/(available) for tax purposes	**1**	*(55)*
Adjustments in respect of prior periods	**(360)**	*226*
Other timing differences leading to a decrease in taxation	**(1,159)**	*-*
Difference in corporation tax rate of 65% (2022 - 55%) and ring fence trade tax rate 40% (2022 - 40%)	**400**	*455*
Total tax charge for the year	**(290)**	*2,187*

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

Corporation Tax has been calculated at 30% of the taxable profits for the year *(2022 – 30%)* as most of the Company's operations are ring-fenced. A 10% *(2022 – 10%)* supplementary charge applies to profits earned from the Company's North Sea activities. Profits for the purpose of the supplementary charge are calculated without a deduction for financing costs. In addition, Energy Profits Levy of 35% *(2022 - 25%)* applies to profits earned from the Company's North Sea activities. Profits for the purpose of the EPL are calculated as for ring-fenced corporation tax but without the deduction for decommissioning costs and finance charges.

9. TANGIBLE FIXED ASSETS

	Plant & machinery $000
Cost or valuation	
At 1 January 2023	**80,732**
At 31 December 2023	**80,732**
Accumulated depreciation and impairment	
At 1 January 2023	**80,732**
At 31 December 2023	**80,732**
Net book value	
At 31 December 2023	**-**
At 31 December 2022	*-*

The book value of the Company's decommissioning assets as at 31 December 2023 was $Nil *(2022 - $Nil)*.

In accordance with the Company's accounting policy a trigger assessment was conducted for the reversal of impairment and no triggers for reversal were identified as detailed in Note 2.

10. DEBTORS

	2023 $000	*2022 $000*
Debtors: amounts falling due after more than one year		
Deferred tax asset (Note 14)	**1,673**	*891*
	1,673	*891*
Debtors: amounts falling due within one year		
Trade debtors	**235**	*739*
Amounts owed by group undertakings	**9,649**	*8,184*
VAT recoverable	**-**	*13*
	11,557	*9,827*

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 $9,649k as at 31 December 2023 is included in 'Amounts owed by group undertakings' *(2022 - $8,184k)*.

Amounts owed by group undertakings are unsecured, interest free and have no fixed repayment date.

11. CASH AND CASH EQUIVALENTS

	2023 $000	*2022 $000*
Restricted cash	**29,089**	*25,659*
	29,089	*25,659*

The Company holds on trust security deposits received from joint venture partners related to future decommissioning liabilities. The Company only has right of access to the funds in the bank account in the event that there is a default of the other parties.

12. CREDITORS: Amounts falling due within one year

	2023 **$000**	*2022* *$000*
Amounts owed to group undertakings	**5**	*8*
Amounts owed to joint ventures	**126**	*273*
Corporation tax	**2,559**	*2,426*
Other taxation and social security	**8**	*-*
	2,698	*2,707*

Amounts owed to group undertakings and others are unsecured, interest free and have no fixed repayment date.

Amounts owned to joint ventures are unsecured, interest free and have no fixed repayment date.

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

	2023 **$000**	*2022* *$000*
Other creditors	**29,091**	*25,632*
	29,091	*25,632*

Other creditors relate to security deposits received from joint venture partners and held for future decommissioning costs as detailed in Note 15.

14. DEFERRED TAXATION

	2023 $000
At beginning of year	**891**
Charged to the profit or loss	**782**
At end of year	**1,673**

The deferred tax asset is made up as follows:

	2023 $000	*2022 $000*
Decommissioning provision	**1,650**	*2,050*
Other timing differences	**23**	*(1,159)*
	1,673	*891*

15. PROVISIONS

	Decommissioning $000
At 1 January 2023	**5,125**
Revision to estimate	**32**
Utilised in the year	**(14)**
Unwinding of discount	**341**
At 31 December 2023	**5,484**

Decommissioning costs represent the future costs of abandonment for existing field operations. The decommissioning liability is stated at the estimated present value using a nominal discount rate of 3.4% (2022 - 3.7%). Impact of revising the discount rate was $32k (2022 - $326k). Duration of decommissioning is estimated based on the size and complexity of the individual platform, in addition to a fixed element for mobilisation and demobilisation. Weather based contingencies are based on historical weather patterns in the North Sea.

16. CAPITAL COMMITMENTS

The Company is committed to purchase pipeline capacity under various long term contracts.

At 31 December 2023, the field produced under ‘as produced’ conditions. Currently no commitments are associated with these contracts.

17. SHARE CAPITAL

	2023	2022
	$	$
Allotted, called up and fully paid		
2 *(2022 - 2)* Ordinary shares of £1 each	**4**	*4*

18. RESERVES

Share premium account

The share premium account is the difference between the par value of the Company's shares and the amount that the Company received for issued shares.

Other reserves

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

On 31 May 2005, the Company entered into a promissory note for up to $50,000,000 with its parent XH, LLC. On 31 December 2008 XH, LLC cancelled the note. The cancellation of the note ($47,432,379 at 31 December 2008) was treated as a capital contribution and created the capital contribution reserve.

Profit and loss account

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

19. RELATED PARTY TRANSACTIONS

The Company has availed of the exemption in FRS 102, Section 33, paragraph 33.1A which allows non disclosure of transactions between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

No other transactions with related parties were undertaken such as required to be disclosed under FRS 102, Section 33.

20. CONTROLLING PARTY

The immediate parent company is XH LLC, a company registered in Delaware, USA. 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, 22777 Springswoods Village Parkway Spring, TX 77389, USA.