DocuSign Envelope ID: 65DF93B5-51C4-4582-A5A2-CE7253D73D7B

CHEVRON BRITAIN LIMITED

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Company Registered No. 01006065

THURSDAY
AB786Ø3V
A09 30/06/2022 #10
COMPANIES HOUSE

DocuSign Envelope ID: 65DF93B5-51C4-4582-A5A2-CE7253D73D7B

CHEVRON BRITAIN LIMITED

CONTENTS

DocuSign Envelope ID: 65DF93B5-51C4-4582-A5A2-CE7253D73D7B

Strategic report

The directors of the company present their strategic report for the year ended 31 December 2021.

Principal activities
During the year, the principal activities of Chevron Britain Limited ('the company') comprised mainly of the exploration, production and sale of hydrocarbons from the Clair Field located West of Shetlands.

Business review and likely future developments

The Clair Field lies 47 miles (75 km) west of the Shetland Islands in the North Sea. Clair is one of the United Kingdom's largest hydrocarbon resources. Oil and gas are exported via pipelines to the Sullom Voe Terminal on the Shetland Islands.

The Clair Field is being developed using a phased approach. Clair Phase 1 was sanctioned in 2001 and was developed with a single fixed platform with production and processing facilities. First oil was achieved in 2005. The second phase of development, Clair Ridge was developed with two fixed platforms and is designed to have a capacity of 120,000 barrels of crude oil and 100 million cubic feet of natural gas per day. First oil was achieved in November 2018. A six well appraisal and exploration drilling programme was conducted from 2013 into 2015 and following encouraging results, a third phase of development, Clair Phase 3, is currently under assessment.

Clair is operated by BP Exploration Operating Company Limited which holds a 45.1% operated working interest in the field, Chevron Britain Limited holds a 19.4% non-operated working interest in the field, Shell Clair UK Limited holds a 9.3% non-operated working interest in the field, Enterprise Oil Limited holds an 18.7% non-operated working interest in the field and Premier Oil UK Limited holds a 7.5% non-operated working interest in the field.

The company's working interest share of daily production for the field averaged 14,300 barrels of oil equivalent during 2021 (2020: 13,512).

The results of the company show an operating profit of £130.4 million (2020: operating loss of £8.3 million) for the year ended 31 December 2021.

Shareholders
The company is a wholly owned subsidiary of another UK Chevron entity. The ultimate parent of the company is Chevron Corporation.

Principal risks and uncertainties
Health, Safety and the Environment
The company's Operational Excellence objective is to protect people and the environment with a focus on preventing fatalities and serious injuries and improving process safety. Risks are managed through a continued focus on the company's Incident Free Operations and Operational Excellence assurance programs and through focussing on the objectives of the company's Environmental Stewardship Plan.

Financial risks
The company's operations expose it to a variety of financial risks that include price risk, credit risk, liquidity risk, interest rate risk and cash flow risk.

- Price risk: The company is exposed to commodity price risk because of its operations. Management do not consider hedging price risk to be necessary at present. The company continues to monitor the carrying value of assets and assess for any potential impairment based on the current and projected commodity prices.

- Credit risk: The company's principal financial assets are cash, trade debtors and other debtors. The company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of allowances for doubtful receivables. The directors consider that the company has no significant concentration of credit risk, with exposure spread over several customers.

- Liquidity risk: The company actively maintains short-term finance that is designed to ensure the company has sufficient available funds for operations and planned expansions.

- Interest rate risk: The company has both interest-bearing assets and interest-bearing liabilities. Interest-bearing finance includes cash balances.

- Cash flow risk: The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The company does not use foreign exchange forward contracts to hedge these exposures.

- Climate change risk: Policy, legal, regulatory, technology and market developments related to the issue of climate change could expose the company to the financial risk of increased costs, reduced demand for products, reduced revenue and limits on certain growth opportunities

Key performance indicators
Information on the performance of the company is available in the "Business review and likely future developments" section above. Chevron Corporation Group financial statements are available from 1 Westferry Circus, London, E14 4HA.

Section 172 statement
The Companies (Miscellaneous Reporting) Regulations 2018 (2018 MRR) require the Directors to explain how they considered the interests of key stakeholders and the broader matters set out in section 172(1) of the Companies Act 2006 ("S172") when performing their duty to promote the success of the Company under S172

This section of the strategic report comprises the Directors' S172 Statement and statement on engagement with suppliers, customers and others.

As a wholly owned subsidiary of the Chevron Corporation, the Directors ensure that decisions are beneficial to all of the Company's stakeholders as well as having regard to the long-term sustainable success of the Chevron Group as a whole. The strategic aims of the Company are derived from those of the Chevron Group, which can be found in the Chevron Corporation plc 2021 Annual Report at https://www.chevron.com/annual-report.

The Chevron Group internally organises its activities principally along business and function lines and transacts its business through legal entities. This organisation structure is designed to achieve Chevron's overall business objectives, whilst respecting the separate legal identity of the individual Chevron companies through which it is implemented and the independence of each Board of Directors.

The Board of Directors of the Company hold positions across key functions of the Company or are in positions that support those functions of the Company. When appointed to the Board, each Director is briefed on their role and responsibilities by the Company Secretary and is provided with training and support to help them fulfil their responsibilities.

The company's ultimate parent, Chevron Corporation, has developed and implemented a number of policies and principles which the Company has reviewed and adopted. "The Chevron Way" details the guiding principles which all employees must follow, and these principles include diversity and inclusion, high performance, integrity and trust, protecting people and the environment and partnership.
Our Business Conduct & Ethics Code (BCEC) is built on Chevron's core values and highlights the principles that guide our business conduct and how our policies are designed to support full compliance with applicable laws. Chevron's BCEC: https://www.chevron.com/-/media/shared-media/documents/chevronbusinessconductethicscode.pdf.

Prior to Company matters being brought to the Board of Directors for consideration, significant levels of internal engagement are undertaken with the broader business. Dependent on the project or activity, Board members or representatives of the Company may have participated in this engagement through their relevant business area, and this therefore helps inform the relevant board decisions.

DocuSign Envelope ID: 65DF93B5-51C4-4582-A5A2-CE7253D73D7B

Principal decisions
During 2021, the directors made the following key strategic decisions:

Transfer the business activities performed by the Chevron Technology Centre based in Aberdeen from Chevron Eurasia Pacific Limited (formerly known as Chevron North Sea Holdings Limited) to Chevron Britain Limited. The transfer was executed with a hive down agreement that was effective February 1, 2021.

An amendment to the Rosebank Sale and Purchase Agreement was executed by the directors on June 25th, 2021. The amendment does not materially impact management's estimate of future proceeds (see note 16).

As a result of Covid-19 and the risks posed, the Company adapted office facilities in line with government guidance. The changes made enabled the workforce to work safely when they were unable to work remotely.

The directors did not make any decisions that were of a significant or a strategic nature as it relates to the business relationships with suppliers, customers and others, community and environment, maintaining a reputation for high standards of business conduct and the need to act fairly between members of the company.

Employees
The Company does not have any direct employees. Employees are engaged through Chevron Energy Limited. Details of employee engagement can be found in the financial statements of Chevron Energy Limited.

Business Relationships
The Company has business relationships with a number of external customers, suppliers, in addition to co-owners, government bodies such as the North Sea Transition Authority (NSTA) and wholly owned subsidiaries and affiliates of Chevron Corporation.

Customers:
The Company's success depends not only on meeting its customers' expectations today but anticipating them tomorrow, thereby enabling human progress. The Company uses the latest technologies, whether chemical or digital, to deliver innovative solutions to its customers to power the world forward. The network of sales and marketing colleagues, whether Chevron employees or those within its distributors, are 'here to help' and represent company's brands and company with professionalism every day in line with The Chevron Way. In doing so the Company has built a loyal customer base with a passion to serve.

Suppliers:
The values inherent in The Chevron Way, which describe how the Company conducts its business in a socially and environmentally responsible manner, apply to all stakeholder groups with whom it works. This applies equally when working with suppliers which are selected to be a part of the company's value chain, and who contribute to its offering and value proposition. This is done through a structured procurement organization which engages with suppliers at all levels, to ensure that the company's vision, values and strategies can be effectively executed safely, legally and reliably.

Community and Environment
The Company places the highest priority on the health and safety of the workforce and protection of assets, communities and the environment. The Operational Excellence Management System (OEMS) defines the expectations regarding the systematic management of workforce safety and health, process safety, reliability and integrity, environment, efficiency, security and stakeholders to achieve high performance in operational excellence. Protecting people and the environment is a key value. The Company expects compliance with the letter and the spirit of applicable environmental, health and safety laws, regulations and policies. Within each of the functional areas, management are responsible for monitoring performance related to health, safety and the environment.

The results of the company are included within the directors' report and the financial position is shown on page 10 in the balance sheet.

DocuSigned by:
Signed on behalf of the Board
Andy Clitheroe
C2A405F19B0E4DC...
ARJ Clitheroe
Director

Chevron Britain Limited
23 June 2022

Registered No. 01006065

CHEVRON BRITAIN LIMITED

Directors' report

The directors present their report together with the audited financial statements for the year ended 31 December 2021. The directors of the company who were in office during the year and up to the date of signing the financial statements were:

Directors
AR McGarva
ARJ Clitheroe
F Helgeland – resigned March 14, 2022
MJJ Williams
LJR Aguilar – appointed March 14, 2022

Preparation of financial statements
The financial statements have been prepared in compliance with United Kingdom Accounting Standards, including 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.

Results, dividends and transfers to reserves
The company's profit /(loss) for the financial year was £85.7 million (2020: (£0.4) million) and this amount was transferred to reserves.

The directors believe future development details and financial risks are adequately addressed in the strategic report.

Directors' indemnities
As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company also purchased and maintained throughout the financial year Directors' and Officers' Liability Insurance in respect of itself and its directors.

Streamlined Energy and Carbon Reporting (SECR)
The company holds a 19.4% non-operated working interest in the Clair field and therefore has neither financial nor operational control over the asset. The company qualifies as a low energy user and is exempt from SECR reporting.

Climate Change
The impact of climate change and the related sustainability issues form an integral part of the directors' review of the company's overall business strategy. The company's ultimate parent, Chevron Corporation, has developed a framework which provides details of the governance, risk management, processes, and metrices used to manage climate change-related risk and opportunities. The 2021 climate change resilience report can be reviewed https://www.chevron.com/-/media/chevron/sustainability/documents/climate-change-resilience-report.pdf

Impact of continuation or further resurgences of the (COVID-19) pandemic.
The outbreak of COVID-19 caused a significant decrease in demand for our products and created disruptions and volatility in the global marketplace beginning late in first quarter 2020. While commodity prices and demand have largely recovered, jet fuel demand is still not back to pre-pandemic levels. Chevron's operations have continued with a combination of on-site and at-home work, while monitoring local vaccine and transmission rates. There continues to be uncertainty around the extent to which the COVID-19 pandemic may impact our future results, which could be material.

Impact of Ukraine conflict and sanctions
As a result of the conflict in Ukraine, the UK governments have imposed and may impose additional sanctions and other trade laws and regulations that could lead to disruption in our ability to produce, transport and/or export crude and could have an adverse effect on the company's financial position. The financial impacts of currently imposed sanctions are not material for the company; however, it remains uncertain how long these conditions may last or how severe they may become.

Going concern
The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Management base their assumption on future cash flows that show that even in a severe low case scenario the company is cash generative and has access to intercompany receivables as detailed in note 16. Thus, they continue to adopt the going concern basis of accounting in preparation for the financial statements.

Statement of directors' responsibilities in respect of the financial statements
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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 the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

(i) select suitable accounting policies and then apply them consistently.

(ii) 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.

(iii) make judgements and accounting estimates that are reasonable and prudent; and

(iv) 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 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.

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.

Directors' confirmations
In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent Auditors
In accordance with Section 487(2) of the Companies Act 2006, a resolution to dispense with the obligation to appoint auditors annually has been passed. Accordingly, PricewaterhouseCoopers LLP continue in office as independent auditors, having expressed their willingness to do so.

This Directors' Report was approved on behalf of the Board of Directors on 23rd June 2022.

Signed on behalf of the Board:

DocuSigned by:
Andy Clitheroe
C2A495519B0E4DC...
ARJ Clitheroe
Director
Chevron Britain Limited
23 June 2022

Registered No. **01006065**

Independent auditors' report to the members of Chevron Britain Limited

Report on the audit of the financial statements

Opinion

In our opinion, Chevron Britain Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 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, which comprise: the Balance sheet as at 31 December 2021; the Profit and loss account and the Statement of changes in equity for the year then ended; 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

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 when the financial statements are authorised for issue.

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

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

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

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.

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 our work undertaken in the course of the audit, the Companies Act 2006 requires 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 2021 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 Statement of directors' responsibilities in respect of the financial statements, 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.

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. 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 the Petroleum Act 1998, 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 financial statements such as UK tax legislation and the Companies Act 2006. 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 the posting of inappropriate journal entries to increase revenue or profitability. Audit procedures performed by the engagement team included:

- Enquiries of management around known or suspected instances of non-compliance with laws and regulations, claims and litigation, and instances of fraud;
- Understanding management's controls designed to prevent and detect irregularities;
- Review of board minutes;
- Challenging management on assumptions and judgements made in their significant accounting estimates;
- Identifying and testing journal entries with specific focus on entries containing unusual account combinations in response to the risk of management override of controls.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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.

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 obtained 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.

We have no exceptions to report arising from this responsibility.

Bruce Collins

Bruce Collins (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Aberdeen

24 June 2022

CHEVRON BRITAIN LIMITED

Profit and loss account for the year ended 31 December 2021

	Note	2021 £million	2020 £million
Turnover	5	278.1	125.1
Cost of sales		(129.8)	(114.6)
Gross profit		148.3	10.5
Administrative expenses	6	(17.9)	(18.8)
Operating profit/(loss)	7	130.4	(8.3)
Interest receivable and similar income	9	8.3	7.7
Interest payable and similar expenses	10	(1.6)	(2.1)
Profit/(loss) before taxation		137.1	(2.7)
Tax on profit/(loss)	13	(51.4)	2.3
Profit/(loss) for the financial year		85.7	(0.4)

All current and prior year results are derived from continuing operations.

The company has no other profits or losses other than the (loss)/profit for the financial year disclosed in the profit and loss account, therefore a Statement of Comprehensive Income has not been presented.

The notes on pages 12 to 27 are an integral part of these financial statements.

DocuSign Envelope ID: 65DF93B5-51C4-4582-A5A2-CE7253D73D7B

CHEVRON BRITAIN LIMITED

Balance sheet as at 31 December 2021

	Note	2021 £million	2021 £million	2020 £million	2020 £million
FIXED ASSETS					
Tangible assets	14		1,083.3		1,142.2
CURRENT ASSETS					
Stocks	15	21.0		23.6	
Debtors					
• amounts falling due within one year	16	372.6		215.2	
• amounts falling due after more than one year	16	69.3		67.7	
		462.9		306.5	
CREDITORS: Amounts falling due within one year	17	(58.7)		(22.9)	
Net current assets			404.2		283.6
Total assets less current liabilities			1,487.5		1,425.8
PROVISIONS FOR LIABILITIES	18		(466.3)		(490.3)
NET ASSETS			1,021.2		935.5
CAPITAL AND RESERVES					
Called up share capital	21		0.1		0.1
Share premium account			892.2		892.2
Retained earnings			128.9		43.2
TOTAL EQUITY			1,021.2		935.5

The notes on pages 12 to 27 are an integral part of these financial statements.

The financial statements on pages 9 to 27 were approved by the board of directors on 23rd June 2022 and were signed on its behalf by:

DocuSigned by:

Andy Clitheroe

C2A405F19B0E4DC...

ARJ Clitheroe
Director
Chevron Britain Limited

Registered No. 01006065

23 June 2022

Statement of changes in equity for the year ended 31 December 2021

	Called up Share Capital £million	Share Premium Account £million	Retained Earnings £million	Total Equity £million
Balance as at 1 January 2020	**0.1**	**892.2**	**43.6**	**935.9**
Loss for the financial year	-	-	(0.4)	(0.4)
Balance as at 31 December 2020	**0.1**	**892.2**	**43.2**	**935.5**
Profit for the financial year	-	-	85.7	85.7
Balance as at 31 December 2021	**0.1**	**892.2**	**128.9**	**1,021.2**

CHEVRON BRITAIN LIMITED
Notes to the financial statements
for the year ended 31 December 2021

- **General Information**
Chevron Britain Limited (the "company") is a private company limited by shares and is incorporated in London and domiciled in the United Kingdom. The address of its registered office is 1 Westferry Circus, Canary Wharf, London, E14 4HA. The company became active on June 19th, 2019 and its principal activities comprise of the exploration, production and sale of hydrocarbons from the Clair field located West of Shetlands.

2. **Statement of compliance**
The individual financial statements of Chevron Britain Limited have been prepared in compliance with United Kingdom Accounting Standards, including 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.

- **Summary of significant accounting policies**
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

1. **Basis of preparation**

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom and Financial Reporting Standard 102. In these financial statements, the company is considered to be a qualifying entity (for the purposes of FRS 102) and has applied the disclosure exemptions available under FRS 102 (paragraph 1.12). These exemptions are:

- Reconciliation of the number of shares outstanding from the beginning to end of the period.

- The requirement to prepare a Statement of Cash Flows and related notes:

  The company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a Statement of Cash Flows, on the basis that it is a qualifying entity and its ultimate parent company, Chevron Corporation, includes the company's cash flows in its own consolidated financial statements.

- The non-disclosure of key management personnel compensation.

- Certain disclosures required by FRS 102.26 Share Based Payments; and disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of SI 2008/410 Paragraph 36(4) of Schedule 1.

- Details of exemptions taken in relation to Related Party Transactions are disclosed in note 24.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

(b) Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Management base their assumption on future cash flows that show that even in a severe low case scenario the company is cash generative and has access to intercompany receivables as detailed in note 16. Thus, they continue to adopt the going concern basis of accounting in preparation for the financial statements.

DocuSign Envelope ID: 65DF93B5-51C4-4582-A5A2-CE7253D73D7B

3. **Summary of significant accounting policies (continued)**

(c) Jointly controlled operations

The operation of most of the oil and gas exploration, development and production activities are generally conducted through jointly controlled operations (which are not entities) with other companies. The company's interests in these jointly controlled operations are accounted for by recognising its share of assets, liabilities, income and expenses in the financial statements.

(d) Exploration, appraisal and development costs

Exploration, appraisal and development costs are accounted for under the successful efforts' method. All exploration and appraisal wells are capitalised pending evaluation of the project. If the project is subsequently deemed to be unsuccessful, the costs are expensed in the period in which the evaluation is made. Expenditure on general seismic data is expensed as incurred.

Development expenditure capitalised represents costs incurred in drilling development wells and acquiring and installing production facilities, except for costs relating to the initial feasibility studies which are expensed as incurred.

All licence acquisition costs are capitalised as intangible assets and are amortised on a unit of production basis.

(e) Intangible assets, tangible assets, depreciation and amortisation

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. The accumulated capital cost of producing equipment and completed wells and the decommissioning asset is depreciated on a unit of production basis, by field. Under this method, depreciation is calculated by reference to the production in the year as a proportion of proved reserves at the beginning of the period. Depreciation is provided to write off cost or valuation.

Unfinished plant and equipment are not depreciated.

3. **Impairment of non-financial assets**

At each balance sheet date, fixed assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit). Such impairment reviews are performed in accordance with FRS 102.

The recoverable amount of the asset (or asset's cash generating unit) is the higher of fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset. When determined, a fair value less costs to sell is derived using estimation techniques such as a discounted cash flow analysis by incorporating assumptions that market participants would use in estimating the asset's fair value and applying a post-tax discount rate (using market participant assumptions).

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

DocuSign Envelope ID: 65DF93B5-51C4-4582-A5A2-CE7253D73D7B

3. **Summary of significant accounting policies (continued)**

(g) Provision for liabilities

A provision is recognised when the company has a legal or constructive obligation because of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

The company has a provision for the estimated cost of dismantling and restoring production and related facilities at the end of the economic life of each field which is recognised in full from the commencement of oil and gas production. The amount recognised is the present value of the estimated future restoration cost. An offsetting tangible fixed asset is also recognised and depreciated on a unit of production basis.

Changes to the present value of the estimated future restoration cost are accounted for prospectively as adjustments to the provision and the fixed asset.

The unwinding of discounts on provisions is included within interest payable (note 10).

(h) Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account.

Current or deferred taxation assets and liabilities are not discounted.

Current Tax

Current Tax and Supplementary Charge (SCT) is the amount of tax payable in respect of the taxable profit for the year or prior years. Tax is calculated based on tax rates and laws that have been enacted or substantively enacted by the period end.

Deferred Tax

Deferred tax arises from timing differences that are differences between taxable profits and total profit and loss as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions:

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

(ii) Deferred tax shall also be recognised on assets acquired through a business combination when the amount that can be deducted for tax for an asset is less or more than the value at which it is recognised.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing differences. Deferred tax assets and deferred liabilities are disclosed on a net basis.

DocuSign Envelope ID: 65DF93B5-51C4-4582-A5A2-CE7253D73D7B

3. **Summary of significant accounting policies (continued)**

(i) Stocks

- **Joint venture warehouse stock**

The company's share of joint venture warehouse stock is stated at the lower of cost, determined on an average cost basis, and net realisable value. Cost includes the purchase price, taxes and duties, transport and handling directly attributable to bringing the inventory to its present location and condition.

- **Crude oil and other hydrocarbon products**

Stocks of crude oil and other hydrocarbon products are stated at the lower of cost and selling price using the First-In, First-Out (FIFO) method. Cost is determined on an average cost basis and includes the appropriate share of operating expenses and depreciation. Over / under-lift positions and stock are considered on a net basis. Provision is made for the restitution of liftings if they differ from the company's equity share of production. Any net over-lift position is included in creditors, valued at replacement value. Any net under-lift position is included within "stocks". The change in value during the year is included within cost of sales in the profit and loss account.

At the end of each reporting period, stocks are assessed for impairment. Where impairment is identified, the stock is reduced to its selling price less costs to sell, and an impairment charge is recognised in the profit and loss account as an adjustment to cost of sales. Where a reversal of the impairment is recognised, the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the profit and loss account as an adjustment to cost of sales.

(j) Turnover

Turnover represents amounts received and receivable net of value added tax and excise duties in respect of goods and services provided during the year. Goods and services represent the sale of hydrocarbons to third parties and fellow Group undertakings. Revenue from sales is recognised when the significant risks and rewards of ownership have been passed to the buyer and when the amount is recoverable and can be reasonably measured. Revenue associated with sales of oil and gas is recorded upon transfer of title, and usually coincides with the customer taking physical possession. Any net over/under lift adjustment in respect of the sale of hydrocarbons is recognised in the profit and loss account as an adjustment to cost of sales.

(k) Foreign currencies

Functional and presentational currency

The company's functional and presentational currency is the pound sterling.

Transactions and balances

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

(l) Pensions

The company's UK parent, Chevron Energy Limited, participates in the Chevron UK Pension Plan. A portion of the pension contributions made by the UK parent is allocated to the company in respect of those employees working on Chevron Britain Limited assets. While the scheme is a defined benefit scheme providing benefits based on final pensionable pay, the funding arrangement is between the Plan and the sponsor, Chevron Energy Limited, with no formal linkage to the operating companies, including Chevron Britain Limited. As such, the scheme is being accounted for in the company's financial statements as a defined contribution scheme. The annual cost of allocations in the scheme is charged to the profit and loss account.

DocuSign Envelope ID: 65DF93B5-51C4-4582-A5A2-CE7253D73D7B

(a) Summary of significant accounting policies (continued)

(m) Share based payments

Share Incentive Plan
Eligible employees of the company's ultimate UK parent can elect to participate in the UK Share Incentive Plan administered by Chevron Energy Limited. This plan enables employees to make monthly contributions out of salary up to prescribed limits. Each month the contributions are used by the trustees of the plan to acquire shares of common stock of Chevron Corporation on the open market (partnership shares). Chevron Energy Limited makes a matching contribution to the trustees to acquire a matching number of shares (matching shares) on a two-for-one basis. The company receives an annual management charge from the UK parent in relation to the plan, which is equivalent to the cost of each matching share acquired during the period. This cost is charged to the profit and loss account.

Long Term Incentive Plan
The ultimate parent company, Chevron Corporation operates a Long-Term Incentive Plan of stock options and other share-based compensation for certain employees. For the major types of awards outstanding as of 31 December 2021, the contractual terms vary between three years for the performance units and 10 years for the stock options and stock appreciation rights. In accordance with FRS 102.26, the values of outstanding awards for those employees who work for the company, are charged to the company's profit and loss account and accounted for as equity-settled arrangements.

Equity-settled arrangements are measured at fair value at the grant date. The fair value is expensed on a straight-line basis over the vesting period. The amount recognised as an expense is adjusted for the number of equity instruments that will ultimately vest.

(n) Business Combinations

The acquisition of a business combination where the purchase is part of a group restructuring is accounted for using the merger accounting method. Under this method the carrying values of the assets and liabilities are not required to be adjusted to fair value and are recorded at book value on the date of transfer.

(o) Financial instruments

The company has chosen to adopt the sections 11 and 12 of FRS 102 in respect of financial instruments:

Financial assets
Basic financial assets, including trade and other receivables, cash and bank are initially recognised at transaction price, unless arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the assets original effective interest rate. The impairment loss is recognised in profit or loss.

Other financial assets, including the receivable due on the sale of Rosebank (note 16), are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss.

DocuSign Envelope ID: 65DF93B5-51C4-4582-A5A2-CE7253D73D7B

3. **Summary of significant accounting policies (continued)**

o) Financial instruments

Financial liabilities
Basic financial liabilities, including trade and other payables and loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost using the effective rate of interest.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

4. **Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgements in applying accounting policies

As part of a group restructuring, net assets with a carrying value of £892.2M were transferred to the company on June 19th, 2019 from Ithaca Oil and Gas Limited (formerly Chevron North Sea Limited). The company elected to use the merger accounting method whereby the assets and liabilities transferred were not required to be adjusted to fair value. The related party company's accounting policies were in compliance with FRS 102 and therefore all assets and liabilities including in the group restructuring are in compliance with this standard.

Critical accounting estimates and assumptions
The company makes estimates and assumptions concerning the future. The resulting accounting estimates will seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(vi) Estimates of oil and gas reserves

The principal activities of the company comprise the exploration for, development of and production and sale of hydrocarbons within the United Kingdom. Estimates of oil and gas reserves are used in the calculations for impairment tests and for accounting for depreciation and decommissioning. Changes in estimates of oil and gas reserves will affect the calculation of future cash flows used in impairment testing, anticipated decommissioning dates and depreciation charges in accordance with the unit of production method (UOP).

(vii) Provisions for the cost of dismantling and restoring the production and related facilities

The company has an obligation to pay for the dismantling and restoration costs for all production and related facilities at the end of a field's life. The present value cost of this obligation is dependent on several factors including the physical condition and location of the asset, future investment, current credit ratings and inflation factors. See note 20 for the disclosure relating to the provision.

(viii) Rosebank sale

The timing and value of future proceeds receivable from this transaction, are based on management estimates of future events. The carrying value for future proceeds included in the balance sheet at December 31, 2021 is £69.3M. See note 16 for the disclosure relating to the receivable.

DocuSign Envelope ID: 65DF93B5-51C4-4582-A5A2-CE7253D73D7B

4. Critical accounting estimates and judgements (continued)

Sensitivities

The economic impact of the COVID-19 pandemic and the Ukraine conflict and the volatile oil price may have a bearing on key assumptions used in calculating (i) the recoverability amount of assets and (ii) the decommissioning provision. The company has performed sensitivity analyses to estimate the potential impact on the 2021 financial statements if changes to key assumptions were made and these are discussed below.

(a) Change in probability, discount rate, and oil price on Rosebank receivable

Adjusting the probability by +/-10% would result in an impact +/- £17M on the receivable balance. Whereas adjusting the discount rate by +/-1% would result in an impact of +/- £3M on the balance. Adjusting the oil price below $50 would result in an impact of -£38M on the receivable balance whereas adjusting the oil price to $65 has an impact of + £17M

(b) Change in discount rate on decommissioning provision

Adjusting the discount rate used in determining the provision of field restoration costs by -1% would increase the provision by £16M, whereas increasing the discount rate by 1% would reduce the provision by £12M

5. Turnover

All turnover and profits of the company result from oil and gas exploration and production activities and the sale of hydrocarbons.

The company's net assets, turnover and profit are derived from sales which originate in the United Kingdom. The directors of the company believe that there is only one class of business.

Turnover comprises sales to the following markets:	2021 £million	2020 £million
United Kingdom	54.4	1.8
Rest of Europe	223.7	123.3
	278.1	125.1

6. Administrative expenses

	2021 £million	2020 £million
Miscellaneous administrative expenses	9.3	0.6
Exploration costs	21.3	8.3
Exchange (gain)/loss	(3.1)	9.9
	27.5	18.8

CHEVRON BRITAIN LIMITED

Notes to the financial statements
for the year ended 31 December 2021 (continued)

7. Operating profit/(loss)

	2021 £million	2020 £million
Operating profit/(loss) is stated after charging/(crediting):		
Depreciation and amortisation	68.3	58.5
Crude oil stock and other hydrocarbon products movement	3.8	(6.8)
Exchange (gain)/loss from trading activities	(3.1)	9.9
Operating income	(9.6)	-

8. Auditors' remuneration

During the year the following services were obtained from the company's auditors:

	2021 £million	2020 £million
Audit fees payable to the auditors for the statutory audit of the company's annual financial statements	0.1	0.1

Auditors' remuneration for non-audit services for 2021 was £nil (2020: £nil).

9. Interest receivable and similar income

	2021 £million	2020 £million
Interest receivable from group undertakings	6.8	5.4
Unwinding of discount and adjustment on provisions:		
Other	1.5	2.3
	8.3	7.7

10. Interest payable and similar expenses

	2021 £million	2020 £million
Interest payable from group undertakings	-	(0.2)
Unwinding of discount and adjustment on provisions:		
For field restoration costs (note 20)	(1.6)	(1.9)
	(1.6)	(2.1)

CHEVRON BRITAIN LIMITED

Notes to the financial statements
for the year ended 31 December 2021 (continued)

11. **Directors' emoluments**

(a) **Aggregate amounts**	**2021 £million**	**2020 £million**
Emoluments of directors	0.3	0.3

	2021 Number	**2020 Number**
Number of directors to whom retirement benefits are accruing under defined benefit schemes	1	1

(b) **Highest paid director**	**2021 £million**	**2020 £million**
Aggregate of amount disclosed under (a) above - emoluments	0.3	0.3

During the year, the highest paid director received share options and shares in Chevron Corporation under the long-term incentive plan.

The accrued pension entitlement under a Chevron Corporation defined benefit scheme of the highest paid director at 31 December 2021 was £111,628 (2020: £98,131). No compensation was payable in respect of loss of office during the financial year (2020: £nil).

12. **Employee Information (including directors)**

The contracts of service for the company's national employees are held by the UK holding company, Chevron Energy Limited. The related costs of the employees who work on the company's assets are disclosed in the financial statements of the company as if they were employed by the company.

Employee costs (including directors) during the year:	**2021 £million**	**2020 £million**
Wages and salaries	7.5	1.8
Social security costs	1.4	0.2
Other pension costs	1.0	0.4
Redundancy costs	-	5.0
	9.9	7.4

Average monthly employees (including directors) during the year:	**2021 Number**	**2020 Number**
By activity		
Exploration, production and administration	50	11

DocuSign Envelope ID: 65DF93B5-51C4-4582-A5A2-CE7253D73D7B

12. **Employee Information (including directors) (continued)**

The company is a member of the Chevron Energy Limited Share Incentive Plan (employee share ownership scheme). During the year, £180,000 (2020: £31,511) was charged to the profit and loss account in relation to the shares gifted to employees who work for the company. The company has taken advantage of the exemption, under FRS 102 paragraph 1.12(d)(i), from disclosing details of the share incentive plan, on the basis that it is a qualifying entity and its ultimate parent company, Chevron Corporation provides details of Employee Benefits Plan in its own financial statements.

The ultimate parent company, Chevron Corporation, operates a Long-Term Incentive Plan for certain employees. Awards under this plan may take the form of, but are not limited to, stock options, restricted stock units, stock appreciation rights and performance units. For the major types of awards outstanding as of 31 December 2021, the contractual terms vary between three years for the performance units and 10 years for the stock options and stock appreciation rights. In accordance with FRS 102 paragraph 26, the awards are accounted for as equity-settled awards. During the year, the movement on the awards of £nil (2020: £nil), for those employees who work for the company, was charged to the profit and loss account.

The company has taken advantage of the exemption, under FRS 102 paragraph 1.12(d)(i), from disclosing details of its share-based payments, on the basis that it is a qualifying entity and its ultimate parent company Chevron Corporation includes full details of these in its own consolidated financial statements.

Further detail of the schemes can be found in the financial statements of Chevron Energy Limited and Chevron Corporation which can be obtained from 1 Westferry Circus, Canary Wharf, London, E14 4HA.

13. **Tax on profit/(loss)**	**2021**	**2020**

CHEVRON BRITAIN LIMITED

Notes to the financial statements for the year ended 31 December 2021 (continued)

	£million	£million
The charge/(credit) for taxation is made up as follows:		
Current year Corporation Tax charge	57.1	10.7
Current year Supplementary Tax charge	16.5	1.7
Prior year Corporation Tax charge	0.5	0.2
	74.1	12.6
Current year deferred Corporation Tax credit	(17.0)	(11.2)
Current year deferred Supplementary credit	(5.7)	(3.7)
	(22.7)	(14.9)
Tax on profit/(loss)	51.4	(2.3)

The UK rate of Corporation Tax applicable to ring fence activities is charged at 30% (2020: 30%). The Supplementary Charge at 10% (2020: 10%) is calculated on the same basis as Corporation Tax, without the deduction for financing costs. The lower standard rate of Corporation Tax of 19.0% (2020: 19%) applies to certain incidental activities.

The tax assessed for the year is higher (2020: lower) than the standard rate of Corporation Tax in the UK of 30% (2020: 30%). The differences are explained below:

	2021 £million	2020 £million
Profit/(loss) before taxation	137.1	(2.7)
Profit/(loss) before taxation multiplied by 30% (2020: 30%)	41.1	(0.8)
Effects of:		
Tax rate difference on Deferred Tax	(5.7)	(3.7)
Supplementary charge	16.5	1.7
Non- ring fence profits tax at 19%	(1.0)	-
Non- ring fence losses not recognised	-	0.3
Prior year adjustment	0.5	0.2
Total tax charge/(credit) for the financial year	51.4	(2.3)

CHEVRON BRITAIN LIMITED

Notes to the financial statements
for the year ended 31 December 2021 (continued)

14. Tangible assets

	Producing Equipment & Completed Wells £million	Decommissioning Asset £million	Exploration Asset £million	Unfinished Producing Equipment & Incomplete Well Costs £million	Total £million
Cost					
At 1 January 2021	1,094.0	23.7	67.6	38.0	1,223.3
Additions	-	-	-	32.2	32.2
Intergroup transfer	0.2	-	-	0.6	0.8
Reclassifications	31.8	-	-	(31.8)	-
Disposals	-	(2.9)	(20.7)	-	(23.6)
At 31 December 2021	1,126.0	20.8	46.9	39.0	1,232.7
Accumulated depreciation					
At 1 January 2021	79.1	2.0	-	-	81.1
Charge for the year	65.7	2.6	-	-	68.3
At 31 December 2021	144.8	4.6	-	-	149.4
Net book value					
At 31 December 2021	981.2	16.2	46.9	39.0	1,083.3
At 31 December 2020	1,014.9	21.7	67.6	38.0	1,142.2

CHEVRON BRITAIN LIMITED

Notes to the financial statements
for the year ended 31 December 2021 (continued)

15. Stocks

	2021 £million	2020 £million
Crude oil and other hydrocarbon products	10.0	13.8
Warehouse stocks	11.0	9.8
	21.0	23.6

16. Debtors

	2021 £million	2020 £million
Amounts falling due within one year:		
Trade debtors	4.6	0.4
Amounts owed by group undertakings	6.1	18.4
Other debtors	1.1	0.1
Short-term loan group undertaking	360.8	196.3
	372.6	215.2
Amounts falling due after more than one year:		
Other debtors	69.3	67.7
	441.9	282.9

Amounts owed by group undertakings are unsecured, interest free and repayable on demand except for short term surplus cash balances that are held with group company Chevron Netherlands Finance B.V. earning a benchmark overnight market rate plus 0.29%.

The short- term loan with group company Chevron Finance Holdings Limited, is repayable on demand, earning interest at 2.70% per annum, paid quarterly in arrears.

Other debtors due after more than one year, are the future proceeds that management have estimated to be receivable relating to the sale of Rosebank. The estimate includes probabilities of the likelihood of future events occurring around the development of the field and also the timing of such events. The contingent receivable of £69.3M has been calculated using probabilities of 40%, a timing range 2023 to 2028, (2020: 40% and 2022), an oil price of $60, and to reflect current day monies have been discounted using a discount rate of 3.56% (2020: 3.56%).

17. Creditors: amounts falling due within one year

	2021 £million	2020 £million
Trade creditors	12.5	7.4
Amounts owed to group undertakings	2.4	0.2
Taxation and social security	33.1	-
Employee termination benefits	1.2	5.0
Accruals and deferred income	9.5	10.3
	58.7	22.9

Amounts owed to group undertakings are unsecured, interest free and repayable on demand except for short term deficit cash balances that are owed to group company Chevron Netherlands Finance B.V. incurring a benchmark overnight market rate plus 0.41%.

During 2020 a worldwide corporate restructuring programme was undertaken by Chevron Corporation and a voluntarily redundancy programme was offered in the UK. The amount accrued at December 31st 2021 was £1.2M (2020: £5M)

18. Provisions for liabilities

	2021 £million	2020 £million
Deferred Taxation (note 19)	418.5	441.2
Provision for field restoration costs (note 20)	47.8	49.1
	466.3	490.3

19. Deferred Taxation

Deferred Corporation Tax is provided at 30% (2020: 30%) and Deferred Supplementary Charge at 10% for all timing differences (2020: 10%).

(a) Deferred Corporation Tax and Supplementary Charge

	2021 £million	2020 £million
Accelerated capital allowances	433.2	456.9
Field restoration costs	(19.1)	(19.6)
Short-term timing differences	4.4	3.9
	418.5	441.2

CHEVRON BRITAIN LIMITED

Notes to the financial statements
for the year ended 31 December 2021 (continued)

The net deferred tax liability expected to reverse in 2022 is £5 million. This primarily relates to timing differences on capital allowances.

20. **Provision for field restoration costs**	**2021 £million**	**2020 £million**
Opening Balance at 1 January	49.1	33.5
(Reduction)/Increase	(2.9)	13.7
Unwinding of discount (note 10)	1.6	1.9
At 31 December	47.8	49.1

At the end of December 2021, the company's long-term provision for field restoration costs was £47.8 million (2020: £49.1 million). These costs, for dismantling and restoring the company's production and related facilities and certain other infrastructure interests owned by the company, will be incurred over a period, estimated to be the next 30 years. The provision has been calculated in current day monies and has been discounted using a discount rate of 3.1% (2020: 3.1%).

21. **Called up share capital**	**2021 £million**	**2020 £million**
Authorised, issued, called up and fully paid		
100,100 ordinary shares of £1 each	**0.1**	**0.1**

22. **Capital commitments**	**2021 £million**	**2020 £million**
Commitments in respect of contracts entered	28.0	64.1

Capital commitments are shown at the company's net position and relate to the Clair field.

DocuSign Envelope ID: 65DF93B5-51C4-4582-A5A2-CE7253D73D7B

23. Pensions

The company has taken advantage of the exemption available under FRS 102 paragraph 28 'Post Employment Benefits' to treat pension contributions made to the Defined Benefit Scheme operated by Chevron Energy Limited as if they were contributions to a Defined Contribution Scheme, where contributions to the scheme are charged to the Profit and loss account as they fall due. The company has taken advantage of the exemption as the funding arrangement is between the Plan and the Sponsor, Chevron Energy Limited, with no formal linkage to the operating companies, including Chevron Britain Limited. Further information on defined benefit pension plans for employees is included in the financial statements of Chevron Corporation, which can be obtained from 1 Westferry Circus, Canary Wharf, London, E14 4HA.

As at the balance sheet date there was an approximate surplus of £336 million (2020: surplus £237.6 million) of assets against liabilities calculated on a generally accepted accounting principle basis in this scheme. Further details of the scheme can be found in the financial statements of Chevron Energy Limited which can be obtained from 1 Westferry Circus, Canary Wharf, London, E14 4HA.

24. Related party transactions

The company has taken advantage of the exemption available under FRS 102 paragraph 33.1A not to disclose any transactions with entities that are part of the Group which qualify as related parties, as the company is a wholly owned subsidiary which is included in the publicly available financial statements of Chevron Corporation.

25. Ultimate parent undertaking

The immediate parent undertaking is Chevron Eurasia Pacific Limited (formerly known as Chevron North Sea Holdings Limited). The ultimate parent undertaking and controlling party is Chevron Corporation, a company incorporated in the United States of America.

Chevron Corporation is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2021. The consolidated financial statements of Chevron Corporation are available from 1 Westferry Circus, Canary Wharf, London, E14 4HA.

Chevron Corporation is the parent undertaking of the smallest group of undertakings to consolidate these financial statements. The consolidated financial statements of Chevron Corporation can be obtained from 1 Westferry Circus, Canary Wharf, London, E14 4HA.

26. Events after the year end

The Energy Profits Levy

On May 26th, 2022 the UK government introduced a new oil and gas tax called the Energy Profits Levy ("the Levy"). This tax will be charged at 25% and is effective immediately. The government also announced a new investment allowance at a rate of 80% to give relief against the Levy. The legislation will include a sunset clause which will abolish the tax by the end of 2025.

COVID and the Ukraine conflict

The ongoing impact on the company of the COVID-19 pandemic and the conflict in Ukraine and sanctions has been disclosed in the Directors' report.