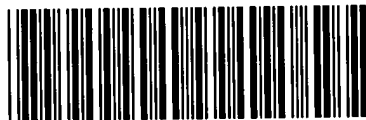


Company Number: 485028

CHEVRON INTERNATIONAL TANKSHIP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2019

THURSDAY



A9I6BJE0

A21

19/11/2020

#110

COMPANIES HOUSE

CHEVRON INTERNATIONAL TANKSHIP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their strategic report for Chevron International Tankship Limited ("the Company") for the year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The principal activity of the Company is the marine transportation of crude and refined petroleum products. Historically Chevron International Tankship Limited maintained two shuttle tanker vessels; the 'Aberdeen' which ceased operations in December 2016 and is now laid-up and is due to be redelivered at the end of 2020. 'Brasil Voyager' which was owned by the company and out chartered to Chevron Brazil Petroleo Holdings LLC (CBPH) up until the point it was sold by the company in July 2017. In late 2016 the company began to spot charter vessels to transport crude oil, refined petroleum products and other bulk cargoes, and this activity continues. The Company earns a standard address commission of 1.25% on the freight cost of its chartered spot voyages. This will increase to 2.50% in 2020 following other oil majors' and oil traders' decision to increase their address commission in this low freight environment. Its chartering activities are coordinated through offices in London, Singapore, Houston and San Ramon.

REVIEW OF BUSINESS

The company's loss before taxation in 2019 was \$523,000 (2018: profit of \$1,556,000). The company made a gross profit of \$10,590,000 (2018: profit of \$10,987,000).

Year on year administrative expenses increased by \$617,000 to \$8,734,000 (2018: \$8,117,000). This was mainly because of increased allocation of costs to CITL as chartering activity increased. The loss for the financial year of \$523,000 (2018: profit \$1,556,000) was transferred to reserves resulting in a total shareholders' funds of \$968,000 (2018 shareholders' funds: \$1,491,000).

During 2018 the company entered into a USD denominated loan facility with Chevron Global Energy Inc and drew down \$75,000,000 which has a maturity and repayment date of 31 August 2021. The company received a capital contribution of \$50MM from Chevron Global Maritime LLC. In addition, the cash position of the company improved as a result of changes to the credit terms provided to our internal customers. The capital contribution combined with this additional cash was used to repay the outstanding loan of \$75MM in April 2020.

IMPACT OF THE NOVEL CORONAVIRUS (COVID-19) PANDEMIC

The outbreak of COVID-19 and decreases in commodity prices resulting from oversupply, government-imposed travel restrictions and other constraints on economic activity have caused a significant decrease in the demand for our products and has created disruptions and volatility in the global marketplace beginning in the first quarter 2020, which negatively affected our results of operations and cash flows. These conditions persisted throughout the second quarter and continue to negatively affect our results of operations and cash flows. While demand and commodity prices have shown signs of recovery, they are not back to pre-pandemic levels, and financial results may continue to be depressed in future quarters. Due to the rapidly changing environment, there continues to be uncertainty and unpredictability around the extent to which the COVID-19 pandemic will ultimately impact our results, which could be material. This potential impact has been treated as non-adjusting in the 2019 financial statements and as a result has been recorded as a post balance sheet event.

PRINCIPAL RISKS AND UNCERTAINTIES

The key business risk and uncertainty affecting the management of the business and the execution of the company strategy is vessel safety issues. A range of stringent controls monitored by experienced marine assurance personnel are in place to ensure all chartered ships conform to the highest safety standards.

BREXIT

Over the last four years, the directors have engaged in a process of assessing the risk posed by Brexit to the company. As a result of the preparations made the directors feel confident that the company will not be adversely affected by any Brexit outcome.

CHEVRON INTERNATIONAL TANKSHIP LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

KEY PERFORMANCE INDICATORS

The company's directors consider that the key performance indicators are safe operations and profit. The company has implemented operational excellence management systems to monitor and continuously improve safety performance. During the financial year ended 31 December 2019, operations were conducted safely with no incidents being reported. Year on year operating profit decreased by \$1,014,000 (2018: decreased by \$4,112,000) mainly due to increased allocation of costs to CITL by \$600,000 as chartering activity increased as well as the unwinding of the discount on provisions for onerous contracts.

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 comprise the Directors 172 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 2019 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.

Principal decisions

During 2019, the directors did not make any decisions that were of a significant or a strategic nature per the Section 172 factors.

Employees

The Company does not have any direct employees. Employees are engaged through affiliated companies of Chevron Corporation.

CHEVRON INTERNATIONAL TANKSHIP LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

Business Relationships

The Company has business relationships with a number of external customers and suppliers in addition to 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. Company use the latest technologies, whether chemical or digital, to deliver innovative solutions to its customers to power the world forward.

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.

ON BEHALF OF THE BOARD

DocuSigned by:



Philip D Cosgrove

Director

Date: 12 November 2020

Chevron International Tankship Limited
1 Westferry Circus
Canary Wharf, London E14 4HA

CHEVRON INTERNATIONAL TANKSHIP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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

FUTURE DEVELOPMENTS:

Please see the "Principal Activities" and the "Review of Business" sections of the strategic report.

DIVIDENDS:

No dividend is proposed for the year (2018: \$nil).

DIRECTORS:

The following directors held office during 2019 and up to the date of signing the financial statements:

- Philip D Cosgrove
- Matthew R Caddock
- Alan Adamson
- Philip M Davies (resigned 1 March 2020)
- Barbara Pickering (appointed 1 March 2020)

According to the register of directors' interests maintained under the Companies Act 2006, no rights to subscribe for shares in or debentures of the Company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

No director had at any time during the financial year any material interest in any contract with the Company of significance in relation to the Company's business.

FINANCIAL RISK MANAGEMENT:

The Company's operations expose it to a variety of financial risks that include the effects of changes in market prices and credit risk.

Price risk

The Company mitigates price risk by entering agreements with suppliers and customers for every transaction at standard margin.

Currency risk

The directors consider that the Company has a low exposure to currency risk. Sales and expenses are predominantly denominated in US Dollars.

Credit risk

The Company has implemented policies that require appropriate credit checks on potential customers before sales are made thus reducing its exposure to credit risk. Turnover relates wholly to sales made to other Chevron group companies or other major oil companies.

CHEVRON INTERNATIONAL TANKSHIP LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate risk

The directors consider that the Company is exposed to interest rate risk on intercompany loans. This interest rate risk has not been hedged against.

Liquidity and cash flow risk

The company seeks to manage financial risk, to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. This is achieved by placing surplus funds on deposit. Chevron Corporation regularly reviews the financing structure for all its group companies. Following such a review, loans may be repaid prior to maturity date, extended beyond maturity date or replaced by alternative funding arrangements.

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the immediate parent company Chevron Global Maritime LLC. (CGM). The directors have received confirmation that CGM intend to support the company for at least one year after these financial statements are signed.

QUALIFYING THIRD PARTY INDEMNITY PROVISION

The company maintains liability insurance for its directors and officers. The company also provides an indemnity for its directors, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006. This has been in effect throughout the financial year and also at the date of approval of the financial statements.

DONATIONS

No political or charitable donations were made during the year (2018: \$nil).

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:

- select suitable accounting policies and then apply them consistently;
- 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;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

CHEVRON INTERNATIONAL TANKSHIP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS (CONTINUED)

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.

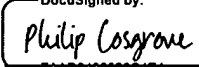
DISCLOSURE OF INFORMATION TO AUDITORS

As at the date of this report, each director of the company confirms that as far as they are 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 auditors, having expressed their willingness to do so.

ON BEHALF OF THE BOARD

DocuSigned by:

Philip D Cosgrove
Director
Date: 12 November 2020

Chevron International Tankship Limited
1 Westferry Circus
Canary Wharf, London E14 4HA

CHEVRON INTERNATIONAL TANKSHIP LIMITED

Independent auditors' report to the members of Chevron International Tankship Limited

Report on the audit of the financial statements

Opinion

In our opinion, Chevron International Tankship Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2019; the statement of comprehensive income, 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

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

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

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

Reporting on other information

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

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.

CHEVRON INTERNATIONAL TANKSHIP LIMITED

Independent auditors' report to the members of Chevron International Tankship Limited (continued)

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Richard French (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
12 November 2020

CHEVRON INTERNATIONAL TANKSHIP LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 \$'000	2018 \$'000
Continuing operations			
TURNOVER	3	970,753	726,432
Cost of sales		<u>(960,163)</u>	<u>(715,445)</u>
GROSS PROFIT		10,590	10,987
Administrative expenses		<u>(8,734)</u>	<u>(8,117)</u>
OPERATING PROFIT	3, 4	<u>1,856</u>	<u>2,870</u>
Interest receivable and similar income		212	113
Interest payable and similar expenses	7	<u>(2,591)</u>	<u>(1,427)</u>
(LOSS)/PROFIT BEFORE TAXATION		(523)	1,556
Tax on (loss)/profit	8	-	-
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	16	<u>(523)</u>	<u>1,556</u>
Other comprehensive income		-	-
TOTAL COMPREHENSIVE (EXPENSE)/INCOME FOR THE YEAR		<u>(523)</u>	<u>1,556</u>

All turnover and expenditure derives entirely from continuing activities.

The notes on pages 13 to 25 form an integral part of these financial statements.

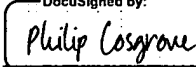
CHEVRON INTERNATIONAL TANKSHIP LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note	2019 \$'000	2018 \$'000
FIXED ASSETS			
Tangible assets	9	-	-
CURRENT ASSETS			
Debtors	10	188,992	197,757
		<u>188,992</u>	<u>197,757</u>
CREDITORS : amounts falling due within one year	11	(106,643)	(110,483)
NET CURRENT ASSETS		<u>82,349</u>	<u>87,274</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		82,349	87,274
CREDITORS : amounts falling due after more than one year	12	(75,000)	(75,000)
PROVISIONS FOR LIABILITIES	13	(6,381)	(10,783)
NET ASSETS		<u>968</u>	<u>1,491</u>
CAPITAL AND RESERVES			
Called up share capital	15	42,187	42,187
Share premium account		12,800	12,800
Capital redemption reserve		32,000	32,000
Profit and loss account		(86,019)	(85,496)
TOTAL SHAREHOLDERS' FUNDS	16	<u>968</u>	<u>1,491</u>

The notes on pages 13 to 25 form an integral part of these financial statements.

The financial statements on pages 10 to 25 were approved by the Board of directors on 12 November 2020 and signed on its behalf by:

DocuSigned by:

 Philip D Cosgrove
 DIRECTOR

Company Number: 485028

CHEVRON INTERNATIONAL TANKSHIP LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up Share Capital \$'000	Share Premium Account \$'000	Capital Reserve Account \$'000	Profit and Loss Account \$'000	Total Shareholders' Funds / (Deficit) \$'000
Balance at 1 January 2019	42,187	12,800	32,000	(85,496)	1,491
Loss for the financial year	-	-	-	(523)	(523)
Total comprehensive expense for the year	-	-	-	(523)	(523)
Balance at 31 December 2019	<u>42,187</u>	<u>12,800</u>	<u>32,000</u>	<u>(86,019)</u>	<u>968</u>
	Called up Share Capital \$'000	Share Premium Account \$'000	Capital Reserve Account \$'000	Profit and Loss Account \$'000	Total Shareholders' (Deficit) / Funds \$'000
Balance at 1 January 2018	42,187	12,800	32,000	(87,052)	(65)
Profit for the financial year	-	-	-	1,556	1,556
Total comprehensive income for the year	-	-	-	1,556	1,556
Capital Contribution	-	-	-	-	-
Total transactions with owners recognised directly in equity	-	-	-	-	-
Balance at 31 December 2018	<u>42,187</u>	<u>12,800</u>	<u>32,000</u>	<u>(85,496)</u>	<u>1,491</u>

CHEVRON INTERNATIONAL TANKSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. GENERAL INFORMATION:

The Company provides marine transportation of crude and refined petroleum products. The Company charters spot vessels to transport crude oil, refined petroleum products and other bulk cargoes. The Company is a private company limited by shares and is incorporated and domiciled in the UK. The address of its registered office is 1 Westferry Circus, Canary Wharf, London, UK, E14 4HA.

2. ACCOUNTING POLICIES:

The following accounting policies have been consistently applied to all the years presented. The accounting policies deal with items which are considered material in relation to the Company's financial statements.

Basis of accounting

The financial statements have been prepared under the historical cost convention, on a going concern basis, and in accordance with the Companies Act 2006 under the provision of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410) and United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102'). In making this assessment, the Directors have taken into account that Chevron Global Maritime LLC. (CGM) has confirmed its present intention to provide financial support such that the company is able to repay its liabilities as they fall due.

The Company's ultimate parent undertaking, Chevron Corporation includes the Company in its consolidated financial statements. The consolidated financial statements of Chevron Corporation are available to the public and may be obtained from www.chevron.com.

In these financial statements, the company is considered to be a qualifying entity (for the purposes of FRS 102) and has applied the exemptions available under FRS 102:

Cash Flow Statement 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.

Related Party Disclosures:

Under the provisions of FRS 102, the Company has not disclosed details of related party transactions with Chevron Corporation group entities as it is a wholly owned subsidiary of that group.

Taxation

(i) Corporation tax

Corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

(ii) Deferred tax

In accordance with FRS 102, a full provision for deferred tax is recognised on all timing differences that have originated but not reversed by the balance sheet date.

CHEVRON INTERNATIONAL TANKSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

2. ACCOUNTING POLICIES (CONTINUED):

(ii) Deferred tax (continued)

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains or losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis and is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Turnover

Turnover represents fees, exclusive of Value Added Tax, in respect of chartering vessels to transport crude oil, refined petroleum products, and other bulk cargoes on behalf of other Chevron companies. Turnover is recognised on an accruals basis so as to match costs incurred with revenues evenly over the term of the charter.

Foreign currencies

The Company defines the local currency as the currency of the primary economic environment in which it operates, being the currency of which the majority of transactions and cash flows occur. The financial statements are presented in 'US Dollars' (\$), which is also the Company's functional currency.

Certain transactions of the company are effected in currencies other than US Dollar. These transactions have been translated into US Dollars at rate of exchange prevailing when the transactions took place. Monetary assets and liabilities denominated in other currencies are translated into US Dollars at the exchange rates as of the balance sheet date. Realised and unrealised gains and losses arising from fluctuations in currency exchange rates during the financial year are included in the statement of comprehensive income for the financial year.

Pension costs

The company contributes to the Merchant Navy Officers Pension Fund which is an industry wide pension scheme for UK officers. It also contributes to the Merchant Navy Ratings Pension Fund. Contributions including lump sum payments are made in respect of these multi-employer defined benefit schemes. Where it is not possible for the company to identify its share of the underlying assets and liabilities on a consistent and reasonable basis, the accounting for contributions to the funds are as if they were defined contribution schemes. Contributions are charged to the profit and loss account when they are payable in accordance with FRS102. Details of these pension funds can be obtained from MNOPF Trustees Limited and JLT Employee Benefits both at, Leatherhead House, Station Road, Leatherhead, Surrey, KT22 7ET.

Leases

Rentals under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

CHEVRON INTERNATIONAL TANKSHIP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

2. ACCOUNTING POLICIES (CONTINUED):

Provisions

Provisions are recognised when the company 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.

A provision for an onerous contract is recognised under FRS 102. A provision is recognised in the event that the unavoidable costs to the Company of meeting the obligations under a contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from the failure to fulfil it.

The utilisation of the provision and amounts of the provision which are unused are released against cost of sales. At the balance sheet date, where necessary, management update the provision to reflect their best estimate.

Tangible fixed assets

Marine vessels are stated at cost; this includes the original construction cost of the vessel and the costs attributable to bringing the asset to its working condition for its intended use. The vessel and the equipment installed on the vessel is depreciated on a straight line basis over the useful economic life of 20 years.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Impairment losses are recognised in the Statement of comprehensive income.

Assets under construction represent assets that are not operational; as a result these assets are not depreciated until transferred to the appropriate asset class and brought into use.

Debtors

Debtors are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Cash at bank and in hand

Cash at bank and in hand includes cash in hand and deposits held at call with banks. In the statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

CHEVRON INTERNATIONAL TANKSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

2. ACCOUNTING POLICIES (CONTINUED):

Loans

Loans are recognised initially at fair value, net of transaction costs incurred. Loans are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the loans using the effective interest method.

Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, 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.

Management considers the onerous lease provision to be an area of significant judgement and estimation for the Company – please refer to note 13 for further details.

3. TURNOVER:

The directors consider that the Company's principal activities are as described in the directors' report.

The analysis of turnover by geographical market is as follows:

	2019 \$'000	2018 \$'000
Singapore	-	986
United States of America	668,745	491,233
United Kingdom	302,008	234,213
	970,753	726,432

In the opinion of the directors the disclosure of geographical analysis of turnover by destination would be seriously prejudicial to the interests of the Company and has therefore not been provided.

The analysis of operating profit by territory of origin is as follows:

	2019 \$'000	2018 \$'000
Singapore	-	4
United States of America	1,279	1,857
United Kingdom	577	1,009
	1,856	2,870

CHEVRON INTERNATIONAL TANKSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

3. TURNOVER (CONTINUED):

In the opinion of the directors the disclosure of geographical analysis of operating profit by destination would be seriously prejudicial to the interests of the Company and has therefore not been provided.

Net assets have not been analysed by region or territory as such disclosure would be seriously prejudicial to the interests of the Company.

4. OPERATING PROFIT:

Operating profit is stated after (crediting)/ Charging:

	2019	2018
	\$'000	\$'000
Credit on tax rebate – charter hire	(1,034)	(950)
MNRPF pension shortfall accrual	-	(1,420)
MNRPF Pension expense (note 14)	-	1,367
Auditors' remuneration – audit services	105	90
Depreciation (note 9)	-	-
Utilisation and re-estimation of onerous lease provision (note 13)	(4,950)	(5,374)
Foreign exchange movement	(16)	(1,333)

During the year the auditors received \$nil as remuneration for non-audit services (2018: nil).

During the year the company received a UK lease rebate on the 'Aberdeen' of \$1,034,000 (2018: \$946,000). The rebates were due to lower UK tax rates.

CHEVRON INTERNATIONAL TANKSHIP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

5. STAFF NUMBERS AND COSTS:

A total of \$8,495,000 (2018: \$8,019,000) was allocated via a management charge to Chevron International Tankship Limited (CITL) from other Chevron companies in 2019 in respect of staff costs. There are no staff directly employed by CITL; however, the staff costs allocated represent a notional 28 full time employees (2018: 30).

Employee cost	2019 \$'000	2018 \$'000
Wages and Salaries	3,450	3,297
Social Security Costs	504	473
Other Expenses	3,792	3,326
Other Pension Costs	750	799
	<u>8,496</u>	<u>7,895</u>

The Other expenses represent labour burden benefits. These costs include medical insurance, dental insurance, employee savings investment plan, disability programs and other employment benefits.

The average monthly number of persons (including executive directors) allocated to the company during the financial year was:	2019 Number	2018 Number
Service and commercial	<u>28</u>	<u>30</u>

6. DIRECTORS' EMOLUMENTS:

No remuneration was paid to the directors for their services to this Company (2018: \$nil).

The number of directors to whom retirement benefits are accruing under defined benefits schemes is \$nil (2018: \$nil) in relation to the services provided to this Company.

Directors of Chevron companies are remunerated for the primary role they undertake by their employing entity. They are not remunerated specifically for their role as a director in Chevron International Tankship Limited. For this reason, we are unable to carry out a reasonable apportionment of directors' emoluments to Chevron International Tankship Limited.

7. INTEREST PAYABLE AND SIMILAR EXPENSES:

	2019 \$'000	2018 \$'000
Interest payable	(2,043)	(1,078)
Unwinding of discounts in provisions (see note 13)	(548)	(349)
	<u>(2,591)</u>	<u>(1,427)</u>

CHEVRON INTERNATIONAL TANKSHIP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

8. TAX ON (LOSS)/ PROFIT

	2019	2018
	\$'000	\$'000
Current Tax:		
(Loss)/Profit before taxation	(523)	1,556
(Loss)/Profit before taxation multiplied by standard rate of corporation tax in the UK of 19.00% – (2018: 19.00%)	(99)	296
	<hr/>	<hr/>
Effect of:		
Carry forward losses utilised and other deductions allowances	-	(296)
Losses carried forward	99	-
	<hr/>	<hr/>
Tax on (loss)/ profit	<hr/> <hr/>	<hr/> <hr/>

The tax assessed for the year is higher than (2018: lower than) the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%). The differences are explained below.

	2019	2018
	\$'000	\$'000
Loss/Profit before taxation	(523)	1,556
(Loss)/Profit before taxation multiplied by standard rate of corporation tax in the UK of 19.00% – (2018: 19.00%)	(99)	296
Effect of:		
Net tax effect of the contribution to the MNOFP / MNRPF pension	-	(479)
Addition to accumulated losses brought forward	99	183
	<hr/>	<hr/>
Tax charge for the year	<hr/> <hr/>	<hr/> <hr/>

Deferred tax

A deferred tax asset in respect of timing differences and tax losses, (based on the corporation tax rate of 17.00%) of \$11,706,000 (2018: \$11,781,000) has not been recognised.

CHEVRON INTERNATIONAL TANKSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

8. TAX ON (LOSS)/ PROFIT (CONTINUED)

UK Corporation tax rate

The tax rate for the current year is the same as the prior year. Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2020 (on 17th March 2020). There were no changes to the main rate at 19.00%.

9. TANGIBLE ASSETS

	Marine Vessels \$'000	Total \$'000
Cost		
At 1 January 2019	1,345	1,345
Disposal	-	-
	1,345	1,345
At 31 December 2019	1,345	1,345
Accumulated Depreciation		
At 1 January 2019	1,345	1,345
Depreciation charge for the year	-	-
Disposal	-	-
	-	-
At 31 December 2019	1,345	1,345
Net book value		
At 31 December 2019	-	-
At 31 December 2018	-	-

CHEVRON INTERNATIONAL TANKSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

10. DEBTORS	2019 \$'000	2018 \$'000
Trade debtors	1,865	5,484
Amounts owed by group undertakings	155,079	174,042
Debtors – associate and joint venture	158	-
Other debtors	31,890	18,231
	<u>188,992</u>	<u>197,757</u>

Amounts owed by group undertakings are unsecured, interest free and are settled monthly.

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR:

	2019 \$'000	2018 \$'000
Trade creditors	13,202	19,476
Amounts owed to group undertakings	6,507	8,992
Accruals and deferred income	86,934	82,015
	<u>106,643</u>	<u>110,483</u>

Amounts owed to group undertakings are unsecured, non-interest bearing and have no specific repayment dates.

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR:

	2019 \$'000	2018 \$'000
Amounts owed to other group undertakings	75,000	75,000
	<u>75,000</u>	<u>75,000</u>

During September 2018 the company entered into a USD denominated loan facility with Chevron Global Energy Inc and drew down \$75,000,000 which has a maturity and repayment date of 31 August 2021. The loan interest rate is the short-term applicable federal rate payable quarterly. The loan facility amount is \$100,000,000. The loan amount of \$75,000,000 was repaid in April 2020.

CHEVRON INTERNATIONAL TANKSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

13. PROVISIONS FOR LIABILITIES:

	Onerous lease provision \$'000
At 1 January 2019	10,783
Amount utilised	(4,792)
Changes in estimates	107
Unused amounts reversed	(265)
Unwind of discount	548
At 31 December 2019	6,381

The company made an onerous lease provision of \$29,988,000 for expected losses on the 'Aberdeen' shuttle tanker in 2013. This was leased on a 24 year bareboat charter agreement which runs until 2020. A revised provision in 2019 has been based on the value in use of the asset, taking into account the lay up of the vessel which commenced in December 2016 and which will continue until its retirement in 2020. Future losses have been discounted using a discount factor of 1.70% to arrive at the provision made in the financial statements. This represents management's best estimates of the most likely outcome. A change in this discount factor by 0.50% would result in a change in the provision by \$0.2 million. A movement in freight rates would have no impact on the provision as the vessel is now laid-up and is non-operational.

14. PENSION SCHEMES:

Industry schemes

The Merchant Navy Officers Pension Fund (MNOFF) is an industry wide defined benefit pension scheme, which is a multi-employer scheme in which officers employed have participated in the past.

The latest published MNOFF annual report and financial statement was for the year ended 31 March 2016. Per this report, the scheme is divided into two sections, the Old section (which is closed to new accruals) and the New section (post 1978) (which is closed to new members). The latest actuarial valuation was carried out at 31 March 2018 by a qualified independent actuary. This showed an aggregate fund deficit of \$108 million (£73 million) however under the rules of the scheme no contribution was required. The next triennial Actuarial valuation of the MNOFF is due to be conducted for the period ended 31st March 2021 which will be available by end of March 2022. No additional cost was accrued under the MNOFF scheme in 2018. The Company is also a participating employer in The Merchant Navy Ratings Pension Fund (MNRPF), an industry wide defined benefit pension scheme, which was set up for the provision of defined benefits to British merchant navy ratings and annuities to their dependants.

The last valuation report for this fund was carried out by a qualified independent actuary as at 31 March 2017. This showed an aggregate fund deficit of \$117 million (£89 million). The Company's contributions paid to MNRPF amounted to \$1.367 million (2017: \$nil) paid during 2018. The next triennial Actuarial valuation of the MNRPF is due to be conducted for the period ended 31st March 2020 which will be available by end of March 2021. No additional cost was accrued under the MNRPF scheme in 2019.

CHEVRON INTERNATIONAL TANKSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

14. PENSION SCHEMES (CONTINUED):

In each case, under FRS 102 Section 28, as the schedules provided by the funds' trustees to the Company only detail the amount for which it is seeking contribution, the company is unable to identify its share of the underlying assets and liabilities on a consistent and reasonable basis. The Company is therefore accounting for contributions to the MNOFP and MNRPF as if they were defined contribution schemes.

The Company can be held liable under both plans for any other entities' obligations under the terms and conditions of the multi-employer plan. Though the Company is neither affiliated nor associated with any other employers participating in either plan, the governing documents of both the MNOFP and the MNRPF provide for pro-rata distribution of an insolvent participating employer's liabilities among the remaining solvent participating employers.

15. CALLED UP SHARE CAPITAL:

	2019 \$'000	2018 \$'000
Allotted and fully paid		
273,050 (2018: 273,050) ordinary shares of £100 each	42,187	42,187

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' (DEFICIT)/FUNDS:

	2019 \$'000	2018 \$'000
(Loss)/ Profit for the financial year	(523)	1,556
Opening shareholders' funds/ (deficit)	1,491	(65)
Closing shareholders' funds	968	1,491

During September 2018 the company entered into a USD denominated loan facility with Chevron Global Energy Inc and drew down \$75,000,000 which has a maturity and repayment date of 31 August 2021. The loan interest rate is the short-term applicable federal rate payable quarterly. The loan facility amount is \$100,000,000.

Chevron International Tankship Limited (CITL) received a capital contribution from Chevron Global Maritime LLC of \$50MM on 3rd April 2020. In addition, the cash position of the company improved as a result of changes to the credit terms provided to our internal customers. The capital contribution combined with this additional cash was used to repay the outstanding loan of \$75MM on 6th April 2020.

CHEVRON INTERNATIONAL TANKSHIP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

17. MARINE OPERATIONS AND CHARTER COMMITMENTS:

The Company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2019 Charter hire \$'000	2018 Charter hire \$'000
Payments due for vessel leaseholds:		
Not later than one year	4,899	5,531
Later than one year and not later than five years	-	4,899
Later than five years	-	-
	<u>4,899</u>	<u>10,430</u>
Payments due for vessel charter party contracts:		
Not later than one year	<u>76,570</u>	<u>59,018</u>

The company had no other off –balance sheet arrangements.

18. RELATED PARTY TRANSACTIONS:

During the year there were no related party transactions (2018: nil).

19. ULTIMATE PARENT COMPANY:

On 15th February 2018 the company's immediate parent company changed from Chevron Latin America Holdings Ltd (CLAH) to Chevron Global Maritime LLC (CGM). CGM is incorporated in USA and its principal place of business is at Corporation Service Company, 251 little Falls Drive, Wilmington, DE 19808, United States. The ultimate parent and controlling company is Chevron Corporation, incorporated in the State of Delaware, USA.

The largest and smallest group in which the results of the company are consolidated is that headed by Chevron Corporation, whose principal place of business is at 6001 Bollinger Canyon Road, San Ramon, CA 94583, USA. The consolidated financial statements of Chevron Corporation are available to the public and may be obtained from the above address.

20. CONTINGENT LIABILITIES

The company did not have any contingent liabilities at 31 December 2019 (2018: \$nil).

CHEVRON INTERNATIONAL TANKSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

21. POST BALANCE SHEET EVENTS

CAPITAL CONTRIBUTION AND LOAN REPAYMENT

Chevron International Tankship Limited (CITL) received a capital contribution from Chevron Global Maritime LLC of \$50MM on 3rd April 2020. In addition, the cash position of the company improved as a result of changes to the credit terms provided to our internal customers. The capital contribution combined with this additional cash was used to repay the outstanding loan of \$75MM on 6th April 2020.

IMPACT OF THE NOVEL CORONAVIRUS (COVID-19) PANDEMIC

The outbreak of COVID-19 and decreases in commodity prices resulting from oversupply, government-imposed travel restrictions and other constraints on economic activity have caused a significant decrease in the demand for our products and has created disruptions and volatility in the global marketplace beginning in the first quarter 2020, which negatively affected our results of operations and cash flows. These conditions persisted throughout the second quarter and continue to negatively affect our results of operations and cash flows. While demand and commodity prices have shown signs of recovery, they are not back to pre-pandemic levels, and financial results may continue to be depressed in future quarters. Due to the rapidly changing environment, there continues to be uncertainty and unpredictability around the extent to which the COVID-19 pandemic will ultimately impact our results, which could be material. This potential impact has been treated as non-adjusting in the 2019 financial statements and as a result has been recorded as a post balance sheet event.