Company No. 3884970

CHEVRON TANKERS LIMITED

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

CHEVRON TANKERS LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

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

PRINCIPAL ACTIVITIES

The Company's principal activity is to charter vessels to transport crude oil, refined petroleum products and other bulk cargoes to service the crude demands of Chevron's operations in the US west coast, US Gulf and Mediterranean Sea.

The Company's chartering activities are coordinated through offices in London, Houston and San Ramon.

REVIEW OF BUSINESS

The Company's total comprehensive expense for the financial year was $3,702,000 (2018: expense of $4,093,000), a decrease of $391,000 from the prior year. The decrease in total comprehensive expense was largely driven by reduction in administrative expense which was partially offset with reduction in profit margin due to the redelivery of the final Aframax in May 2018. The year-on-year gross profit decreased by $989,000 (2018: profit decreased by $14,744,000).

No dividend is proposed for the year (2018: $nil). The loss transferred to reserves as at 31 December 2019 was $3,702,000 (2018: loss of $4,093,000). The net assets of the Company are $12,326,000 (2018: $16,028,000).

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 are 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.

KEY PERFORMANCE INDICATORS:

The directors consider having safe operations and the operating profit to be the key performance indicators for this Company. During 2019 operations there were no significant safety incidents in the company. Year on year operating loss decreased by $511,000 (2018: loss increased by $1,230,000) mainly due to redelivery of the leased vessels. Personnel and administrative costs decreased by $1,500,000 (2018: a decrease of $13,514,000) mainly due to less personnel and lower maintenance costs associated with the redelivered Aframax vessels compared to prior year. Allocated costs increased by $611,000 (2018: a decrease of $3,794,000) due to increase in number of voyages.

CHEVRON TANKERS LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

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.

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.

SECTION 172 STATEMENT (CONTINUED):

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.

<u>Community and Environment</u>

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 Cosgrove
FAAD3492826C4E4...
Philip D Cosgrove
Director
Date: 12 November 2020

Chevron Tankers Limited
1 Westferry Circus
Canary Wharf
London E14 4HA

CHEVRON TANKERS 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. These financial statements have been prepared under FRS 102.

FUTURE DEVELOPMENTS:

The directors expect the global freight market to remain depressed, but with increased volatility throughout 2020.

The Company's continuing operations includes the service level agreement with Tengizchevroil earning a flat management fee. In addition, the Company continues to spot charter vessels to transport crude oil, refined petroleum products and other bulk cargos, and now earns a standard address commission of 2.50% on the freight cost of its chartered spot voyages from February 2020 onwards. This follows other Oil Major's and oil trader's decision to increase their address commissions in the low freight environment. Its chartering activities are coordinated through offices in London, Houston, and San Ramon.

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 A 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 is exposed to freight rate price risk as a result of its operations. Revenue is based on prevailing freight rates at the time of chartering tankers to customers.

Currency risk

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

FINANCIAL RISK MANAGEMENT (CONTINUED):

Credit risk

The Company has implemented policies that require appropriate credit checks on potential customers before sales are made. Turnover predominantly relates to sales made to Chevron group companies.

Liquidity risk

The directors consider that the Company is not exposed to any material liquidity risk as the Company's revenue is predominantly secured under various charter hire contracts and the Company has no external borrowings.

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.

POLICY AND PRACTICE ON PAYMENT OF CREDITORS

Charter hire costs are settled on a monthly basis. It is the Company's policy in respect of all other suppliers to agree payment terms in advance of the supply of goods and to adhere to those payment terms.

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 2019 and up to 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

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 TANKERS LIMITED

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

STATEMENT OF DIRECTORS' RESPONSIBILITES (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 Cosgrove
FAAD3492826C4E4...

Philip D Cosgrove
Director
Date: 12 November 2020

Chevron Tankers Limited
1 Westferry Circus
Canary Wharf
London E14 4H

CHEVRON TANKERS LIMITED

Independent auditors' report to the members of Chevron Tankers Limited

Report on the audit of the financial statements

Opinion

In our opinion, Chevron Tankers 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.

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.

Independent auditors' report to the members of Chevron Tankers Limited (Continued)

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

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

CHEVRON TANKERS LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 $'000	2018 $'000
Continuing operations			
TURNOVER	3	539,343	366,088
Cost of sales		(535,144)	(360,900)
GROSS PROFIT		4,199	5,188
Administrative expenses		(7,777)	(9,277)
OPERATING LOSS	3, 4	(3,578)	(4,089)
Interest receivable and similar income		32	19
Interest payable and similar expenses		(156)	(23)
LOSS BEFORE TAXATION		(3,702)	(4,093)
Tax on loss	7	-	-
LOSS FOR THE FINANCIAL YEAR		(3,702)	(4,093)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		(3,702)	(4,093)

All turnover and expenditure derives entirely from continuing activities.

The notes on pages 14 to 23 form part of these financial statements.

CHEVRON TANKERS LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 $'000	2018 $'000
FIXED ASSETS			
Tangible assets	8	**2,536**	2,822
CURRENT ASSETS			
Debtors	9	**76,782**	78,859
		76,782	78,859
CREDITORS: amounts falling due within one year	10	**(66,992)**	(65,653)
NET CURRENT ASSETS		**9,790**	13,206
TOTAL ASSETS LESS CURRENT LIABILITIES		**12,326**	16,028
PROVISIONS FOR LIABILITIES	11	**-**	-
NET ASSETS		**12,326**	16,028
CAPITAL AND RESERVES			
Called up share capital	12	**101,000**	101,000
Capital redemption reserve		**5,150**	5,150
Profit and loss account		**(93,824)**	(90,122)
TOTAL SHAREHOLDERS' FUNDS	13	**12,326**	16,028

The notes on pages 14 to 23 are an integral part of these financial statements.

The Financial Statements on pages 11 to 23 were approved by the Board of Directors on 12 November 2020 and signed on its behalf by:

DocuSigned by:
Philip Cosgrove
FAAD3492020B4E4...

Philip D Cosgrove
DIRECTOR

Company No. 3884970

CHEVRON TANKERS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up Share Capital	Capital Redemption Reserve	Profit and Loss Account	Total Shareholders' Funds
	$'000	$'000	$'000	$'000
Balance at 1 January 2019	**101,000**	**5,150**	**(90,122)**	**16,028**
Loss for the financial year	-	-	(3,702)	(3,702)
Total comprehensive expense for the year	-	-	(3,702)	(3,702)
Total transactions with owners recognised directly in equity	-	-	-	-
Balance at 31 December 2019	**101,000**	**5,150**	**(93,824)**	**12,326**

	Called up Share Capital	Capital Redemption Reserve	Profit and Loss Account	Total Shareholders' Funds
	$'000	$'000	$'000	$'000
Balance at 1 January 2018	**101,000**	**5,150**	**(86,029)**	**20,121**
Loss for the financial year	-	-	(4,093)	(4,093)
Total comprehensive expense for the year	-	-	(4,093)	(4,093)
Total transactions with owners recognised directly in equity	-	-	-	-
Balance at 31 December 2018	**101,000**	**5,150**	**(90,122)**	**16,028**

CHEVRON TANKERS LIMITED

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

1. GENERAL INFORMATION:

The Company charters 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').

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.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparation for the financial statements.

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.

Under FRS 102 paragraph 23 the Company is considered as principal in its arrangements with both Tengizchevroil (TCO) and CBPH as it has the primary responsibility in contracting with ship owners to agree freight rates and providing the service to the customer.

2. ACCOUNTING POLICIES (CONTINUED):

Operating leases

Rental costs under the operating lease are charged on a straight line basis over the lease term. Lease incentive payments are spread on a straight-line basis over the lease term. Operating lease income is credited to the profit and loss account when it is receivable.

Provision for onerous contracts

A provision for onerous contracts 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 there were no such provisions required or included in the accounts.

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

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 years 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.

Fixed Assets, Depreciation and Impairment

Vessel equipment is stated at cost, cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. This equipment is depreciated on a straight line basis over the lease period of the vessel on which the equipment is installed.

The simulators at the Glasgow Mariner Training centre are depreciated on a straight line basis over 6 years per company policy.

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.

2. ACCOUNTING POLICIES (CONTINUED):

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.

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 during the year were effected in currencies other than U.S. Dollars. These transactions are translated into U.S. Dollars at the average exchange rates of the month in which the transactions took place. Monetary assets and liabilities denominated in other currencies are translated into 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 year are included in the statement of comprehensive income for the year.

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.

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.

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 highlighted in the notes to the financial statements.

3. TURNOVER:

The directors consider that the Company has one principal activity as described in the directors' report.

The analysis of turnover by territory of origin is as follows:

	2019 $'000	2018 $'000
US	9,066	1,350
UK	530,277	364,738
	539,343	366,088

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 loss by territory of origin is as follows:

	2019 $'000	2018 $'000
US	19	11
UK	(3,597)	(4,100)
	(3,578)	(4,089)

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 LOSS:

	2019 $'000	2018 $'000
Profit before taxation is stated after charging/(crediting):		
Depreciation (Note 8)	1,104	1,103
Auditors' remuneration – audit services	125	114
Utilisation and re-estimation of onerous lease provision (Note 11)	-	-
Exchange (gain)/loss	1	(322)

The auditors did not receive any remuneration for non-audit services (2018: $nil). Operating costs include charter hire, fuel and port costs.

CHEVRON TANKERS LIMITED

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

5. STAFF NUMBERS AND COSTS:

The related costs of the employees who work for Chevron Tankers Limited are recharged to Chevron Tankers Limited by Chevron Products UK Limited which operates the payroll. Included in employee costs is a net management charge of $1,223,000 (2018: $612,000) allocated from other Chevron Shipping companies in respect of staff costs for services provided.

Employee Costs:	2019 $'000	2018 $'000
Wages and salaries	3,612	4,952
Social security costs	43	319
Other Expenses	2,518	2,356
Other pension costs	(258)	41
	5,915	7,668

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 monthly average number of persons (including executive directors) employed by Chevron Tankers Limited or by other Chevron Shipping companies providing services to the Company during the year was:

	2019 Number	2018 Number
Service and commercial	33	35
Support and management	4	2
	37	37

6. DIRECTORS' EMOLUMENTS:

Aggregate amounts	2019 $'000	2018 $'000
Emoluments of directors of Chevron Tankers Limited	1,433	1,120
Aggregate pension contributions paid under defined benefit schemes	111	117

One director received shares in Chevron Corporation under executive long-term incentive schemes during the year (2018: 1). The director exercised share options in Chevron Corporation during the year. Retirement benefits are accruing for 4 directors under the Chevron UK Limited defined benefit scheme (2018: 4).

The highest paid director received emoluments of $592,000 (2018: $326,000) and accrued pension of $14,700 (2018: $12,000). No director has an outstanding principal on a season ticket loan as of 2019 year end (2018: $800). 4 directors received emoluments in the year (2018: 5).

Compensation paid to directors for loss of office was nil (2018: nil).

CHEVRON TANKERS LIMITED

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

7. TAX ON LOSS:

	2019 $'000	2018 $'000
Current Tax:		
UK corporation tax on profit of the year	-	-
Adjustments in respect of previous years	-	-
Total current tax	-	-
Deferred tax:		
Origination and reversal of timing differences	-	-
Total deferred tax	-	-
Tax on loss	-	-

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

	2019 $'000	2018 $'000
Loss before taxation	(3,702)	(4,093)
Loss before taxation multiplied by effective rate in the UK 19.00% (2018: 19.00%)	(703)	(778)
Effects of:		
Expenses not deductible for tax purposes	2	4
Accelerated capital allowances and other timing differences	(132)	(172)
Group relief utilised by other Chevron entities	-	-
Losses carried forward	833	946
Utilisation of losses brought forward	-	-
Tax charge for the year	-	-

Deferred tax

A deferred tax asset in respect of timing differences and tax losses, (based on the corporation tax rate of 17.00%) of $13,219,000 (2018: $13,319,000 at 17.00%) has not been recognised.

UK Corporation tax rate change

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%.

CHEVRON TANKERS LIMITED

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

8. TANGIBLE ASSETS

	Vessel Equipment	Marine Training centre	Total
	$'000	$'000	$'000
Cost			
At 1 January 2019	11,055	6,604	17,659
Additions	-	818	818
Transfers	-	-	-
Disposals	-	-	-
At 31 December 2019	11,055	7,422	18,477
Accumulated Depreciation			
At 1 January 2019	11,028	3,809	14,837
Depreciation charge for the year	3	1,101	1,104
Disposals	-	-	-
At 31 December 2019	11,031	4,910	15,941
Net book value at 31 December 2019	**24**	**2,512**	**2,536**
Net book value at 31 December 2018	27	2,795	2,822

There were no assets held on a finance lease in the current year or prior year.

9. DEBTORS:

	2019 $'000	2018 $'000
Trade debtors	2,687	247
Amounts owed by group undertakings	2,843	7,753
Amounts owed by undertakings in which the entity has a participating interest	19,233	29,548
Prepayments and accrued income	52,019	41,311
	76,782	78,859

Amounts owed by group undertakings are unsecured, interest free and are settled monthly.
Amounts owed by affiliates are unsecured, interest free and are repayable within 30 days.

CHEVRON TANKERS LIMITED

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

10. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR:

	2019 $'000	2018 $'000
Trade creditors	7,203	4,992
Amounts owed to group undertakings	9,310	6,177
Loans from group undertakings	1,807	4,881
Tax Owed	2	-
Accruals and deferred income	48,670	49,603
	66,992	65,653

Loans from other Chevron Corporation entities of $1,807,000 (2018: $4,881,000) relate to two separate loan arrangements with Chevron Treasury BV (CTBV).

The USD denominated loan from CTBV, a creditor of $1,691,495 (2018: a creditor of $5,177,798) which is based on a daily cash sweep as part of the cash pooling arrangement. The interest rate is based on reference interest rates calculated using several variables.

The GBP denominated loan from CTBV, a creditor of $115,354 (2018: a debtor of $295,741) which is based on a daily cash sweep as part of the cash pooling arrangement. The interest rate is based on reference interest rates calculated using several variables.

Arrangements with CTBV are considered by management to be due within one year because of the daily draw-downs from and transfers into the CTBV pool arising from business needs.

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

11. PROVISIONS FOR LIABILITIES:

Provision for onerous leases	2019 $'000	2018 $'000
At 1 January	-	1,235
Utilised amounts reversed in the year	-	(1,235)
Unwind of discount rate	-	-
Credit to the profit and loss account	-	-
At 31 December	-	-

CTL had three Aframax vessels leased on 14.5 year bareboat charter agreements which ran until 2017 and 2018. The 'Neptune Voyager' and 'Stellar Voyager' were redelivered in 2017, and the 'Vega Voyager' was redelivered in 2018. The 2018 and 2019 balances reflects the completion of the lease obligation and redeliveries of the three Aframaxes.

12. CALLED UP SHARE CAPITAL:

	2019 $'000	2018 $'000
Authorised		
105,000 (2018: 105,000) ordinary shares of $1,000 each	105,000	105,000
Allotted and fully paid		
101,000 (2018: 101,000) ordinary shares of $1,000 each	101,000	101,000

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS:

	2019 $'000	2018 $'000
Opening shareholders' funds	16,028	20,121
Loss for the financial year	(3,702)	(4,093)
Closing shareholders' funds	12,326	16,028

14. COMMITMENTS:

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

	2019 $'000	2018 (restated) $'000
Payments due for vessel leaseholds:		
Not later than one year	89,896	56,507
Later than one year and not later than five years	177,222	79,291
Later than five years	31,326	26,539
	298,444	162,337

The prior year disclosure was restated to increase payments due later than one year and not later than five years by $74,261,000 and payments due in more than five years by $26,539,000.
The company had no other off -balance sheet arrangements.

15. RELATED PARTY TRANSACTIONS:

During the year, the Company made sales to one related party. This related party is a joint venture of Chevron Corporation. The Company recognises revenue on vessel hire costs, bunker costs and port costs rebilled to the related party during the year. The directors consider these transactions to have been made at an arm's length basis:

	Sales to related parties	
	2019 $'000	2018 $'000
Tengizchevroil	500,679	326,750

Details of amounts owed by related parties are provided for in note 9 to the financial statements under 'amounts owed by affiliates'.

Other than the transactions disclosed above, the Company's other related party transactions were with wholly owned subsidiaries and so have not been disclosed.

16. ULTIMATE PARENT COMPANY:

The Company is a wholly owned subsidiary of Chevron Transport Corporation Limited, which is registered in Bermuda. 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.

17. CONTINGENT LIABILITIES

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

18. POST BALANCE SHEET EVENTS

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."