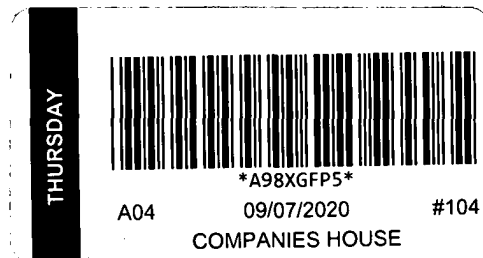


Registered number  
07835800

Phillips 66 TS Limited

Annual report and financial statements for the year ended

31 December 2019



## Phillips 66 TS Limited Strategic report

The directors present their Strategic report for the year ended 31 December 2019.

### Principal activities

The principal activity of the company is acting as agent for the energy trading carried out by Phillips 66 Limited, a fellow subsidiary within the Phillips 66 group.

The company is authorised by the Financial Conduct Authority.

### Business review

It is the intention that the principal activities of the company will continue for the foreseeable future.

The key financial and other performance indicators during the year were as follows:

	2019	2018	Change
	\$	\$	%
Turnover	1,086,747	32,818	3,211.4
Operating profit	1,067,984	1,563	68,229.1
Shareholder's funds	2,366,946	1,399,973	69.1
Quick ratio	11.1	76.7	(85.5)

The turnover for the year was \$1,086,747 (2018: \$32,818) attributable to agency fee income as a result of recharging expenditure. As a result the company made an operating profit of \$1,067,984 (2018: \$1,563). The company's liquidity remains strong.

The company's Balance sheet, on page 11 of the financial statements, shows the company has net assets of \$2.6 million (2018: \$1.4 million). The movements on the company's reserves comprise the profit for the year and exchange differences on translation to US dollars.

As part of the Phillips 66 group, the company operations have many performance indicators in place measuring Health, Safety and Environment to ensure that it continues to build on its strong commitment and performance. Safety of personnel, coupled with a responsible pro-active approach to managing the environment is core to the company's business. The ultimate financial impact arising from environmental policies, laws and regulations is difficult to determine as current and new standards continue to evolve.

### Subsequent events

There have been no significant events since the balance sheet date.

### Principal risks and uncertainties

The principal risks and uncertainties facing the company are the financial and regulatory risks described below.

#### *Regulatory risk*

As the company is authorised by the Financial Conduct Authority it is required to follow certain regulations and if these were breached this could lead to authorisation being removed. The company manages this risk by monitoring and remaining up to date on regulatory changes.

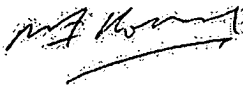
**Phillips 66 TS Limited**  
**Strategic report (continued)**

**Principal risks and uncertainties (continued)**

*Foreign currency risk*

The company may be exposed to foreign currency exchange rate risk resulting from entering into certain transactions denominated in currencies other than the functional currency. The company does not comprehensively hedge its exposure to currency rate changes, although the company may selectively hedge exposures to foreign currency rate risk.

This report was approved by the board on 23 April 2020 and signed on its behalf by:



N A Holland  
Director

23 April 2020

Registered office:  
7th Floor  
200-202 Aldersgate Street  
London EC1A 4HD

## **Phillips 66 TS Limited**

### **Directors' report**

The directors present their Annual report on the affairs of the company, together with the Strategic report and financial statements, for the year ended 31 December 2019.

#### **Going concern**

As a result of the Covid-19 pandemic an assessment of potential financial and operational risks to the business has been conducted. As the company has no employees and market conditions do not affect the income of the company, there is no expectation the Covid-19 pandemic will have any impact on the financial performance of Phillips 66 TS Limited.

There are no material uncertainties relating to events or conditions that may cast significant doubt about the ability of the company to continue as a going concern.

The company has significant financial resources and this together with long range financial forecasts means the directors believe that the company is well placed to manage its business and financial risks for the foreseeable future.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

#### **Financial instruments and risk management**

Information relating to financial instruments and the management of financial risks is disclosed in the Strategic report.

#### **Future developments**

The directors are not aware of any major changes in the company's principal activities in the coming year.

#### **Dividends**

The company did not pay a dividend to the ordinary shareholder during the year (2018: \$Nil).

The directors do not recommend a final dividend for the year ended 31 December 2019 (2018: \$Nil).

#### **Directors**

The following persons served as directors during the year:

L L Jenkins  
G S Taylor  
N A Holland  
K D Head

#### **Disclosure of information to auditors**

Each person who was a director at the time this report was approved confirms that:

- So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the company's auditor is unaware; and
- Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

**Phillips 66 TS Limited**  
**Directors' report (continued)**

**Re-appointment of auditor**

Pursuant to s386 of the Companies Act 1985 and continuing under the Companies Act 2006, an elective resolution was passed dispensing with the requirement to appoint the auditor annually. This election was in force immediately before 1 October 2007, therefore Ernst & Young LLP are deemed to continue as the auditor.

This report was approved by the board on 23 April 2020 and signed on its behalf.



N A Holland  
Director

Registered office:  
7th Floor  
200-202 Aldersgate Street  
London EC1A 4HD

**Phillips 66 TS Limited**  
**Statement of directors' responsibilities**

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

Company law requires the directors to prepare the financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework' 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 these accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- state whether applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework' have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Independent auditor's report to the members of Phillips 66 TS Limited**

### **Opinion**

We have audited the financial statements of Phillips 66 TS Limited for the year ended 31 December 2019 which comprise the Income statement, the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes 1 to 10, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the 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.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

## **Independent auditor's report to the members of Phillips 66 TS Limited (continued)**

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

### **Auditor's 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 auditor's 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 Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



**Independent auditor's report  
to the members of Phillips 66 TS Limited (continued)**

**Use of our report**

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



William Binns  
(Senior Statutory Auditor)  
For and on behalf of Ernst & Young LLP  
Statutory Auditor  
London

23 April 2020

**Phillips 66 TS Limited**  
**Income statement**  
**for the year ended 31 December 2019**

	Notes	2019 \$	2018 \$
Turnover	2	1,086,747	32,818
Administrative expenses		(18,763)	(31,255)
<b>Operating profit</b>	3	<u>1,067,984</u>	<u>1,563</u>
Foreign exchange gain		15,090	451
<b>Profit before taxation</b>		<u>1,083,074</u>	<u>2,014</u>
Tax expense	6	(208,107)	(383)
<b>Profit for the financial year</b>		<u>874,967</u>	<u>1,631</u>

All activities relate to continuing operations.

**Phillips 66 TS Limited**  
**Statement of comprehensive income**  
**for the year ended 31 December 2019**

	2019	2018
	\$	\$
<b>Profit for the year</b>	874,967	1,631
<b>Other comprehensive income</b>		
Foreign currency translation gain/(loss)	92,006	(80,796)
<b>Total comprehensive income/(expense) for the year</b>	<u>966,973</u>	<u>(79,165)</u>

**Phillips 66 TS Limited**  
**Registered number: 07835800**  
**Balance sheet**  
**as at 31 December 2019**

	Notes	2019 \$	2018 \$
<b>Current assets</b>			
Debtors due within one year	7	166,033	35,391
Cash at bank		<u>2,436,410</u>	<u>1,383,075</u>
		2,602,443	1,418,466
Creditors due within one year	8	(235,497)	(18,493)
		<u>2,366,946</u>	<u>1,399,973</u>
<b>Net assets</b>			
<b>Capital and reserves</b>			
Called up share capital	9	313	313
Share premium		1,563,644	1,563,644
Foreign currency translation reserve		(218,300)	(310,306)
Retained earnings		1,021,289	146,322
		<u>2,366,946</u>	<u>1,399,973</u>
<b>Shareholder's funds</b>			

The financial statements were approved by the Board of Directors and authorised for issue on 23 April 2020 and signed on its behalf by:



N A Holland  
 Director  
 23 April 2020

**Phillips 66 TS Limited**  
**Statement of changes in equity**  
**for the year ended 31 December 2019**

	Share capital \$	Share premium \$	Foreign currency translation reserve \$	Retained earnings \$	Total \$
<b>At 1 January 2018</b>	313	1,563,644	(229,510)	144,691	1,479,138
Profit for the financial year	-	-	-	1,631	1,631
Other comprehensive expense	-	-	(80,796)	-	(80,796)
Total comprehensive (expense)/income for the financial year	-	-	(80,796)	1,631	(79,165)
<b>At 31 December 2018</b>	313	1,563,644	(310,306)	146,322	1,399,973
Profit for the financial year	-	-	-	874,967	874,967
Other comprehensive income	-	-	92,006	-	92,006
Total comprehensive income for the financial year	-	-	92,006	874,967	966,973
<b>At 31 December 2019</b>	313	1,563,644	(218,300)	1,021,289	2,366,946

**Phillips 66 TS Limited**  
**Notes to the accounts**  
**for the year ended 31 December 2019**

**1 Accounting policies**

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2019.

**1.1 Statement of compliance**

Phillips 66 TS Limited (the "Company") is a private company limited by shares, incorporated and domiciled in England. These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

**1.2 Basis of preparation**

The financial statements are prepared under the historical cost convention. The results of Phillips 66 TS Limited are included in the consolidated financial statements of Phillips 66 which are available at [www.phillips66.com](http://www.phillips66.com).

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- the requirements of paragraphs 10(d) and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transactions in wholly owned by such a member.

As the consolidated financial statements of Phillips 66 include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- The disclosures required by IFRS 7 Financial Instrument Disclosure; and
- The requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement.

**1.3 Judgements and key sources of estimation uncertainty**

There have been no significant judgements or estimates made in the preparation of the financial statements.

**1.4 Significant accounting policies**

**(a) Presentation currency**

The company presents its financial statements in US dollars and are rounded to the nearest dollar.

**(b) Functional currency**

The functional currency of the company is British pounds.

Transactions in currencies other than the functional currency are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in currencies other than the functional currency are translated into the functional currency at the rate of exchange ruling at the end of the financial period. Exchange gains or losses are taken to the Income statement.

**Phillips 66 TS Limited**  
**Notes to the accounts (continued)**  
**for the year ended 31 December 2019**

**1 Accounting policies (continued)**

**1.4 Significant accounting policies (continued)**

(c) Going concern

As a result of the Covid-19 pandemic an assessment of potential financial and operational risks to the business has been conducted. As the company has no employees and market conditions do not affect the income of the company, there is no expectation the Covid-19 pandemic will have any impact on the financial performance of Phillips 66 TS Limited.

These financial statements have been prepared on a going concern basis. The directors believe this is appropriate as they have a reasonable expectation that the company has adequate resources to meet its liabilities as they fall due for the foreseeable future.

(d) Taxation

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

(e) Share capital

The balance classified as equity share capital includes the total net proceeds (both nominal value and share premium) on issue of the Company's equity share capital, comprising £1 ordinary shares.

(f) Share premium

The share premium account constitutes the excess value of the share capital received by the company above the nominal value of the shares.

(g) Foreign currency translation reserve

All exchange differences arising as a result of translating the company's results and financial position from the functional currency to the presentation currency are recognised in other comprehensive income for the period. The cumulative effect of these exchange differences is represented by the currency translation reserve.

(h) Financial assets

Initial recognition and measurement:

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the company's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement:

For purposes of subsequent measurement, financial assets are classified at amortised cost.

**Phillips 66 TS Limited**  
**Notes to the accounts (continued)**  
**for the year ended 31 December 2019**

**1 Accounting policies (continued)**

**1.4 Significant accounting policies (continued)**

(h) Financial assets (continued)

Financial assets at amortised cost:

The company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The company's financial assets at amortised cost includes group company trade receivables and cash at bank.

Impairment of financial assets:

The company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and the cash flows expected to be received.

For group trade receivables the company applies a simplified approach in calculating ECLs. The company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

**2 Turnover**

Turnover represents the value of costs recharged to Phillips 66 Limited, together with a contractual mark up in line with intermediation agreement. All turnover arises in the United Kingdom.

**3 Operating profit**

	2019	2018
<b>This is stated before crediting:</b>	\$	\$
Foreign currency translation gain	<u>15,090</u>	<u>451</u>

**4 Information regarding directors and employees**

**(a) Directors' remuneration**

No emoluments were paid to the directors for their qualifying services to Phillips 66 TS Limited in the current and preceding period.

Phillips 66 manages its operations at a segmental and geographical level. For this reason the company's directors believe that it is not practicable to apportion their remuneration between qualifying services for this company and the other group companies in which they hold office.

**(b) Employees**

The company had no employees in the current and preceding period. All contracts of employment are held by Phillips 66 Limited.



**Phillips 66 TS Limited**  
**Notes to the accounts (continued)**  
**for the year ended 31 December 2019**

<b>5 Auditor remuneration</b>	<b>2019</b>	<b>2018</b>
Fees payable to the company's auditor for the audit of the company's financial statements	\$ <u>16,782</u>	\$ <u>17,456</u>

There have been no other fees payable in relation to non-audit services.

**6 Taxation**

**(a) Tax expense in the Income statement**

	<b>2019</b>	<b>2018</b>
<b>Current income tax:</b>	<b>\$</b>	<b>\$</b>
UK corporation tax expense	208,107	383
Amounts (over) provided in previous years	<u>-</u>	<u>-</u>
<b>Tax expense in the Income statement</b>	<b><u>208,107</u></b>	<b><u>383</u></b>

**(b) Reconciliation of the total tax expense**

The tax expense in the Income statement for the year varies from the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are reconciled below:

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Profit before taxation	<u>1,083,074</u>	<u>2,014</u>
Accounting profit before income tax	<u>1,083,074</u>	<u>2,014</u>
Tax calculated at UK standard rate of corporation tax of 19% (2018: 19%)	205,784	383
Foreign currency differences	2,323	-
Tax (over) provided in previous years	<u>-</u>	<u>-</u>
<b>Total tax expense reported in the Income statement</b>	<b><u>208,107</u></b>	<b><u>383</u></b>

**(c) Change in corporation tax rate**

The main rate of corporation tax has been 19% since 1 April 2017. A reduction in the corporation tax rate to 17% from 1 April 2020 was enacted during 2016. However, in the March 2020 budget, it was announced that the main rate of corporation tax will remain at 19% from 1 April 2020 and this was substantively enacted on 17 March 2020. This change is not anticipated to have a material impact on the company's future tax position.

<b>7 Debtors due within one year</b>	<b>2019</b>	<b>2018</b>
	\$	\$
Amounts owed by group companies	<u>166,033</u>	<u>35,391</u>
<b>8 Creditors due within one year</b>	<b>2019</b>	<b>2018</b>
	\$	\$
Accruals and other creditors	17,126	16,568
Amounts owed to group companies	2,217	1,058
Corporation tax	<u>216,154</u>	<u>867</u>
	<u>235,497</u>	<u>18,493</u>

**Phillips 66 TS Limited**  
**Notes to the accounts (continued)**  
**for the year ended 31 December 2019**

**9 Share capital and rights attaching to the Company's shares**

	<b>Authorised</b>	<b>2019</b>	<b>2018</b>
<b>Allotted, called up and fully paid</b>		<b>\$</b>	<b>\$</b>
200 ordinary shares of \$1.565 (£1) each	200	<u>313</u>	<u>313</u>

Subject to the provisions of Companies Act 2006 and without prejudice to any rights attached to any existing shares, any share may be issued with such rights or restrictions as the company may by ordinary resolution determine or, subject to and in default of such determination, as the Directors shall determine. There are currently no shares with special rights.

**Distribution**

Subject to the provisions of Companies Act 2006, the company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Directors.

**10 Ultimate controlling party**

Phillips 66, a company registered in Delaware, USA, which the members regard as the entity's ultimate parent undertaking with respect to the year ended 31 December 2019, is the parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the company is a member. Copies of the 2019 Annual Report may be obtained from 2331 CityWest Blvd, Houston, TX 77042, USA.

Phillips 66 Limited, a company registered in England is the immediate parent undertaking with respect to the year ended 31 December 2019.