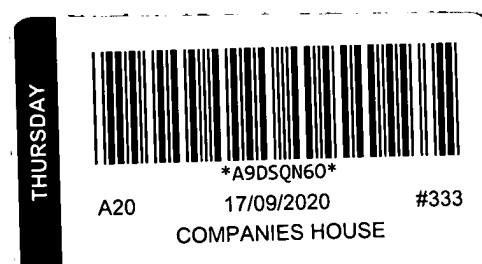


Company Registration No. 6912296

SUNCOR ENERGY TREASURY SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019



SUNCOR ENERGY TREASURY SERVICES LIMITED

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SUNCOR ENERGY TREASURY SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and the audited financial statements for the year ended 31 December 2019. The directors' report has been prepared in accordance with the special provisions relating to small companies under section 415 (A) of the Companies Act 2006.

Principal activities

The principal activity of the company is to provide treasury services throughout the international entities of the ultimate parent, Suncor Energy Inc. The company has no trading activities.

General Information

The company is a limited liability company, incorporated and domiciled in England.

The company's registered office is 3rd Floor, 1 Ashley Road, Altrincham, Cheshire, WA14 2DT.

The immediate parent company is Suncor Energy UK Holdings Limited. The ultimate parent company is Suncor Energy Inc., which is incorporated in Canada.

Suncor Energy Inc. is the parent undertaking of the largest company of undertakings to consolidate these financial statements as at 31 December 2019. The consolidated financial statements of Suncor Energy Inc. are available from:

Suncor Energy Inc. 150 – 6th Avenue SW, Calgary, Alberta, Canada, T2P 3E3.

Business review and future developments

The company was incorporated on 21 May 2009. In February 2012, the company changed its name from Petro-Canada Treasury Services Limited to Suncor Energy Treasury Services Limited.

In 2012, there was an implementation of a Zero Balance Bank Pooling (ZBA) arrangement within the company. The ZBA was set up between the company and a financial institution that has extensive experience in cash pooling arrangements, namely Bank of America. The pooling arrangement is being utilised by the international entities of the ultimate parent, Suncor Energy Inc.

The directors do not anticipate any significant changes to the activities of the company in the medium-term.

Results and dividends

The company's profit for the financial year was \$5,097,000 (2018: \$941,000). No dividends were paid during the year (2018: nil).

Financial risk management objectives and policies

The company's main activities expose it to the financial risks of foreign exchange. The Board of Directors will, however, continue to closely monitor the risks associated with the currency fluctuations and manage these with regard to the company's commitments.

Whilst subsequent to the year end, the coronavirus pandemic has been declared, it is not expected to significantly impact the activities or liquidity of the company.

Foreign exchange risk

The company's activities expose it primarily to the financial risks in changes of foreign currency exchange rates. Any foreign currency exposure is managed at a corporate level in compliance with Suncor group policies.

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

Directors and their interests

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

R. Davie (resigned 30 April 2019)
D. Zeller (resigned 20 June 2019)
A. Campbell (appointed 4 June 2019)
A. Eggerton (appointed 4 December 2019)
S. Trueman

The directors who held office at the end of the financial year do not have any interests in the shares of the company or any other UK group company nor received any remuneration from the company.

Going Concern

The company's business activities, together with the factors likely to affect its future development and performance, are set out above.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, being at least a twelve month period from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements. Further details are disclosed in note 1 to the financial statements.

Charitable and political contributions

The company did not make any charitable or political contributions (2018: nil).

Disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- (2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and

SUNCOR ENERGY TREASURY SERVICES LIMITED

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

- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Directors' indemnities

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

Independent Auditor

KPMG LLP have indicated their willingness to continue in office and a resolution concerning their appointment will be proposed at the Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board.



A. Campbell
Director
29 June 2020

SUNCOR ENERGY TREASURY SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUNCOR ENERGY TREASURY SERVICES LIMITED

Opinion

We have audited the financial statements of Suncor Energy Treasury Services Limited ("the company") for the year ended 31 December 2019 which comprise the income statement, statement of financial position, statement of changes in equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state 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 UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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

SUNCOR ENERGY TREASURY SERVICES LIMITED

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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

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



David Derbyshire (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Marischal Square
Broad Street
Aberdeen
AB10 1DD

2 July 2020

SUNCOR ENERGY TREASURY SERVICES LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 US\$000	2018 US\$000
Administrative expenses	4	(34)	(27)
Operating loss		(34)	(27)
Interest receivable and similar income	5	18,675	10,755
Interest payable and similar expenses	6	(12,348)	(9,565)
Profit before taxation		6,293	1,163
Tax on profit	7	(1,196)	(222)
Profit for the financial year		5,097	941

There is no other comprehensive income during the year other than the profit for the financial year. Accordingly, a statement of comprehensive income is not presented.

All results are derived from continuing operations.

SUNCOR ENERGY TREASURY SERVICES LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note	2019 US\$000	2018 US\$000
Current assets			
Debtors	8	37,600	96,833
Cash at bank and in hand	9	426,664	417,177
Creditors: amounts falling due within one year	10	<u>(448,048)</u>	<u>(502,891)</u>
Net assets		<u>16,216</u>	<u>11,119</u>
 Capital and reserves			
Called up share capital	11	956	956
Profit and loss account		<u>15,260</u>	<u>10,163</u>
Total shareholders' funds		<u>16,216</u>	<u>11,119</u>

The financial statements on pages 7 to 14 were approved by the Board of Directors and were signed on its behalf by:



A. Campbell
Director
29 June 2020

SUNCOR ENERGY TREASURY SERVICES LIMITED

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

	Called up share capital US\$000	Retained earnings US\$000	Total shareholders' funds US\$000
At 1 January 2018	956	9,222	10,178
Profit for the financial year	-	941	941
At 31 December 2018	956	10,163	11,119
Profit for the financial year	-	5,097	5,097
At 31 December 2019	956	15,260	16,216

SUNCOR ENERGY TREASURY SERVICES LIMITED

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

1. General information

Suncor Energy Treasury Services Limited (the company) is a limited liability company, incorporated and domiciled in England.

The company's registered office is 3rd Floor, 1 Ashley Road, Altrincham, Cheshire, WA14 2DT.

The immediate parent company is Suncor Energy UK Holdings Limited. The ultimate parent company is Suncor Energy Inc., which is incorporated in Canada.

Suncor Energy Inc. is the parent undertaking of the largest company of undertakings to consolidate these financial statements as at 31 December 2019. The consolidated financial statements of Suncor Energy Inc. are available from:

Suncor Energy Inc. 150 – 6th Avenue SW, Calgary, Alberta, Canada, T2P 3E3.

2. Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, is set out below.

2.1. Basis of preparation

These financial statements have been prepared in accordance with United Kingdom Accounting standards, in particular, Financial Reporting Standards 101 Reduced Disclosure Framework (FRS 101) and the Companies Act 2006 (the Act) as applicable to companies using FRS 101. FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS.

The company is a qualifying entity for purposes of FRS 101. Note 12 gives details of the company's ultimate parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

The financial statements have been prepared under historical cost convention.

2.2. Disclosure requirements

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

Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

Disclosures in respect of capital management.

Cash Flow Statement and related notes.

Disclosures in respect of the compensation of Key Management Personnel

Disclosures in respect of transactions with wholly owned subsidiaries.

The effects of new but not yet effective IFRSs.

2.3. Foreign currencies

These financial statements are presented in U.S. dollars, which is the company's functional currency. The designation of the company's functional currency is a management judgment based on the composition of revenues and costs in the locations in which it operates. Transactions in foreign currencies are recorded at the relevant rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

SUNCOR ENERGY TREASURY SERVICES LIMITED

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

2.4. Taxation

Accounting policies relating to corporation tax payable to the UK government are as follows:

- i) Current UK 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 by the balance sheet date.

Tax losses are surrendered or claimed in the form of group relief with consideration being received or paid accordingly. The group relief amount is recorded separately within the debtors and creditors amounts in the balance sheet as appropriate and is calculated by applying the tax rate enacted or substantively enacted at the balance sheet date to the loss amount.
- ii) 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 and losses in tax assessments in periods different from those in which they are recognised in the financial statements.
- iii) A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.
- iv) Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

2.5. Interest receivable and payable

Interest arising is charged or credited to the profit and loss account in the year in which it is payable or receivable.

2.6. Going concern

The Company's business activities, together with the factors likely to affect its future development and performance, are set out in the Directors' report for the year on page 2. The Directors' report also outlines the company's financial risk management policies.

On March 10, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) outbreak a pandemic. Actions taken around the world to help mitigate the spread of COVID-19 include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. These measures have and will continue to have a significant increase in economic uncertainty, with reduced demand for commodities leading to volatile prices. The company's treasury activities are undertaken within the Suncor Energy UK Holdings Limited group, the trading activities of which are sensitive to a reduction in the demand for crude oil. In addition, whilst the group's production operations have not been significantly impacted by the virus, it has taken measures to mitigate the risks arising to people and business interruption to offshore operations.

The directors have prepared cash flow forecasts for the Suncor Energy UK Holdings Limited group for the next twelve months. In making their assessment, the directors have evaluated the group's forecast production at a range of reasonably possible lower oil price scenarios, reflecting the global decreased demand from the coronavirus pandemic. The directors have also evaluated the group's financial operating and capital expenditure commitments in the forecast period, including in respect of the group's defined benefit pension scheme.

Based on these forecasts, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

2.7. 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. Management have considered the estimates and assumptions that have been made in calculating the carrying amounts of assets and liabilities and do not consider any to have a significant risk of causing a material adjustment within the financial statements.

SUNCOR ENERGY TREASURY SERVICES LIMITED

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

3. Changes in accounting policy and disclosures

No new standards, amendments or interpretations, effective for the first time for the financial year beginning on or after 1 January 2019 have had a material impact on the company.

In January 2016, the IASB issued IFRS 16 Leases (IFRS 16) which replaces the existing leasing standard IAS 17 Leases and requires the recognition of leases on the balance sheet, with optional exemptions for short-term leases where the term is twelve months or less and for leases of low-value items. IFRS 16 effectively removes the classification of leases as either finance or operating leases and treats all leases as finance leases for lessees. The accounting treatment for lessors remains essentially unchanged, with the requirement to classify leases as either finance or operating. The company adopted the standard on the effective date of January 1, 2019 and has selected the modified retrospective transition approach. The company has also elected to apply the optional exemption for short-term leases. IFRS 16 did not materially impact the company.

4. Expenses and auditor's remuneration

	2019 US\$000	2018 US\$000
Professional fees	13	11
<i>Auditor's remuneration</i>		
Audit of these financial statements	21	16
	<u>34</u>	<u>27</u>

No directors exercised stock options in the ultimate parent company during 2019 (2018: two). No directors received any remuneration for their services to the company in 2019 (2018: \$nil).

This company had no employees for the year ended 31 December 2019 (2018: nil).

5. Interest receivable and similar income

	2019 US\$000	2018 US\$000
Interest receivable from group undertakings	8,483	8,041
Interest income	7,272	5,670
Net foreign exchange gain / (loss)	2,920	(2,956)
	<u>18,675</u>	<u>10,755</u>

6. Interest payable and similar expenses

	2019 US\$000	2018 US\$000
Interest payable to group undertakings	12,348	9,565
	<u>12,348</u>	<u>9,565</u>

SUNCOR ENERGY TREASURY SERVICES LIMITED

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

7. Tax on profit

(a) Analysis of tax charge in the year

	2019 US\$000	2018 US\$000
Current tax		
UK Corporation tax on profit for the year	1,196	222
Total tax charge on profit	<u>1,196</u>	<u>222</u>

(b) Reconciliation of total tax charge in the year

	2019 US\$000	2018 US\$000
Profit before taxation	6,293	1,163
Tax at 19% (2018: 19%)	1,196	222
Total tax charge for the year	<u>1,196</u>	<u>222</u>

There was no deferred tax as at either balance sheet date.

Factors affecting current and future tax changes

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016.

The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. This will have a consequential effect on the company's future tax charge.

8. Debtors

	2019 US\$000	2018 US\$000
Amounts owed by other group undertakings	37,600	96,833
	<u>37,600</u>	<u>96,833</u>

Amounts owed by other group undertakings are unsecured, interest bearing and repayable on demand.

9. Cash at bank and in hand

	2019 US\$000	2018 US\$000
Cash at bank and in hand	426,664	417,177
	<u>426,664</u>	<u>417,177</u>

SUNCOR ENERGY TREASURY SERVICES LIMITED

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

10. Creditors: Amounts Falling due Within One Year

	2019 US\$000	2018 US\$000
Amounts owed to group undertakings:		
Inter-company current accounts	446,750	502,522
Corporate tax	1,277	369
Other creditors	21	–
	<u>448,048</u>	<u>502,891</u>

Amounts owed to other group undertakings are unsecured, interest bearing and repayable on demand.

11. Called Up Share Capital

	2019 US\$000	2018 US\$000
Authorised: 100,000,000 (2018:100,000,000) ordinary shares of US\$1 each	<u>100,000</u>	<u>100,000</u>
Called up, allotted and payable on demand: 955,895 (2018:955,895) ordinary shares of US\$1	<u>956</u>	<u>956</u>

12. Ultimate parent company and controlling party

The immediate parent undertaking is Suncor Energy UK Holdings Limited. The ultimate parent company and controlling entity at 31 December 2019 was Suncor Energy Inc., a company incorporated in Canada. As the company is a wholly owned subsidiary of Suncor Energy Inc., the company has taken advantage of the exemption available under paragraph 8 of FRS 101 which allows exemption from disclosure of related party transactions with other group companies. The consolidated financial statements of the Suncor group, the smallest and largest to include the financial statements of the company, are available for Suncor Energy Inc., at 150 – 6th Avenue S.W., Calgary, Alberta, Canada T2P 3E3.

13. Subsequent events

Whilst subsequent to the year end, the coronavirus pandemic has been declared, it is not expected to significantly impact the activities or liquidity of the company.

Further disclosure is included in note 1 to the financial statements.