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Mr Peter Godsall
Accounting Standards Board
Aldwych House
71-91 Aldwych
London WC2B 4HN

29th January 2010

Dear Mr Godsall,

Policy Proposal on the Future of UK GAAP

Esso UK and Esso Ireland appreciates the opportunity to provide the ASB with our views on the Policy Proposal on the Future of UK GAAP.

The Esso UK and Esso Ireland Groups of companies (the Groups) operate in all sectors of the oil and gas industry with a combined turnover in excess of £20Bn. The ultimate holding company of the Groups is Exxon Mobil Corporation. The direction that is taken on UK and Irish GAAP will have a material impact on the results of the Groups and on the associated cost of the Groups' financial reporting processes.

We are generally supportive of the long-term goal of moving to a single set of global accounting standards that are uniformly applied. We are pleased that the ASB recognizes the burden on entities which results from reporting under various regulatory regimes and our primary areas of comment relate to the proposals for subsidiary companies.

We strongly support your definition of public accountability at paragraph 2.3, which does not draw wholly owned subsidiaries of foreign parents into the requirement for EU adopted IFRS.

However, we see no discussion in the proposal on the impact on subsidiaries where the parent company does not report under IFRS, including the Groups' situation as subsidiaries of a US parent. This is an important omission as this is a large sector of industry in the UK and Ireland and the proposals should recognize the potential burden on this sector from the proposed timing of the adoption of IFRS.

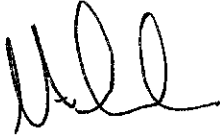
- The timeline for proposed adoption of IFRS is very ambitious. While the earliest date proposed for mandatory adoption of IFRS is for financial years ending 2012, to be ready to prepare financial statements including comparative data, we anticipate that our own conversion activities will have to commence during 2010. With other competing projects, including the Revenue requirements for filing in XBRL format this will be very demanding.
- The timeline for implementation of IFRS in the US is less aggressive than that proposed in the UK and Ireland and we understand that there is no strong opinion in the US that there are incentives to early voluntary adoption. It seems likely that many public companies in the US will not be reporting on an IFRS basis until 2016 at the earliest.

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- While we operate in the UK through separate legal entities, our business processes are managed on a globally consistent and functional basis. Changes in accounting processes and systems leverage our global resources and changes are made efficiently when developed and rolled out simultaneously across the globe. A significant conversion project, such as adoption of IFRS in one country would be a very inefficient use of our resources.
- We are not aware that any of the users of our accounts are dissatisfied with current practices and we see little advantage to that group of users in making an early conversion to IFRS.

Taking these points together, we recommend that the case of Foreign owned subsidiaries is considered carefully, in particular those subsidiaries that are not publicly accountable, and more recognition is given to the inefficiency that we shall see from earlier conversion to IFRS in the UK and Ireland. In the case of US parents, we recommend that compulsory adoption of IFRS for SMEs is delayed until adoption of IFRS by the US regulators.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'J. Alexander', with a stylized flourish at the end.

Jim Alexander

Controller, UK and Ireland Downstream