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**MONTROSE INDUSTRIES LIMITED**

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**UNAUDITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**For the Year Ended 31 December 2020**



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## MONTROSE INDUSTRIES LIMITED

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### COMPANY INFORMATION

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**Directors**

Dr R. Stabbins  
Dr R.J. Knaap  
R.G. Godson  
V. Godson

**Company secretary**

R.G. Godson F.C.A.

**Registered number**

00654944

**Registered office**

14 Bryanston Mansions  
62-66 York Street  
London  
W1H 1DA

**Bankers**

Cater Allen Private Bank  
9 Nelson Street  
Bradford BD1 5AN

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## MONTROSE INDUSTRIES LIMITED

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### CHAIRMAN'S STATEMENT For the Year Ended 31st December 2020

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#### 2020 Chairman's Statement

The Chairman presents his Statement for the year:

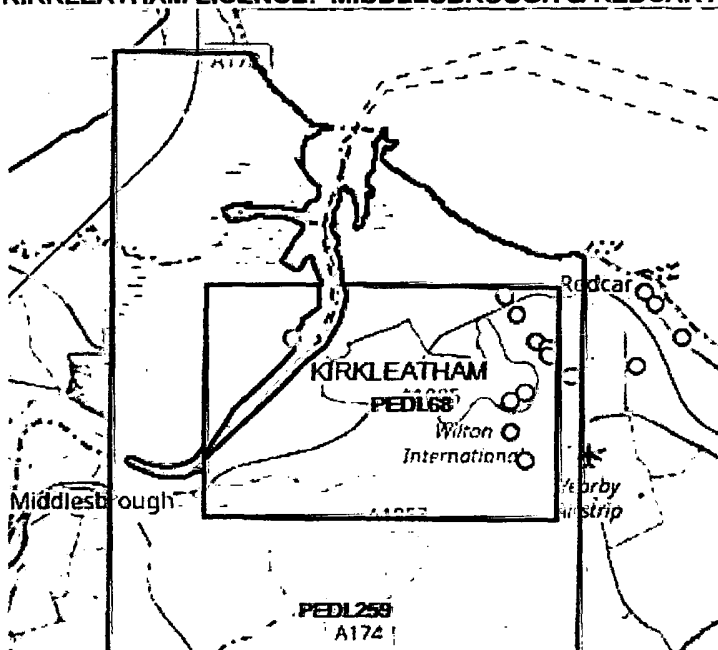
#### Summary

The apparently unsuccessful Biscathorpe well was re-evaluated during the year, leading to a decision to drill to a side-track location. There was no real progress at Kirkleatham. The Brent oil price fell from US\$70 in January 2020 to \$20 in late April, before recovering to US\$55 at year end.

#### **PEDL 068: Kirkleatham; Cleveland & North Yorkshire; Montrose Interest: 10.0%**

The Kirkleatham gas field remains suspended due to its depletion. Egdon Resources, the field operator, has previously proposed drilling a deviated well from the K-4 well to develop possible undeveloped reserves at the structural crest of the field. Now that the UK gas price has recovered to the present 45p to 50p per therm, this could be of interest to a farm-in partner. However, a drilling proposal has not materialised so far. Egdon are continuing their efforts to find a partner.

#### **KIRKLEATHAM LICENCE: MIDDLESBROUGH & REDCAR AREA, CLEVELAND**



#### **PEDL 253: Biscathorpe, Lincolnshire; Montrose Interest: 19.2%:**

The Biscathorpe-2 well was drilled in February 2019. Preliminary analysis indicated that the primary objective, the Basal Westphalian Sandstone, was not present at this location, although significant Dinantian oil shows were found at a slightly deeper level. The partners carried out further technical studies in 2020. This work significantly enhanced our understanding of the prospect and several further potential drilling targets were identified. Subsequent work, including extensive geochemical studies, has demonstrated that

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## MONTROSE INDUSTRIES LIMITED

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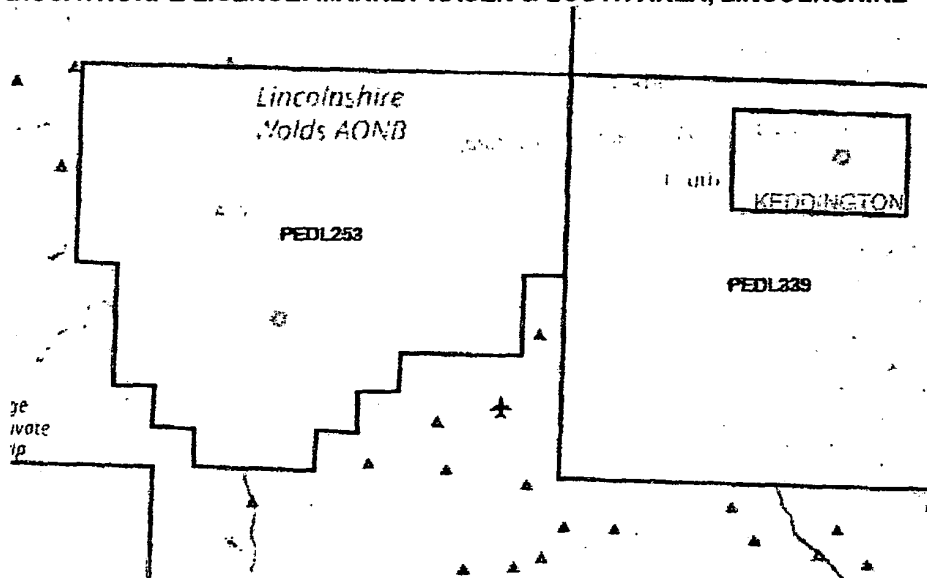
### CHAIRMAN'S STATEMENT For the Year Ended 31st December 2020

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Biscathorpe remains a viable hydrocarbon play. There is evidence for the presence of a thickened Westphalian sandstone reservoir and a significant Dinantian oil column. These two targets are economically robust and could be reached using a side-track from the suspended Biscathorpe-2 well.

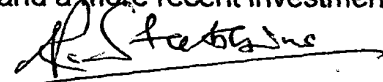
On 18 June 2020 a confidential settlement was agreed between Egdon Resources, the operator, and Humber Oil in respect of a financial dispute between the parties. Humber's 15% licence interest was subsequently acquired by Union Jack Oil. In a transaction dated 23 June 2020, Union Jack purchased a further 3% licence interest from Montrose, thus reducing our interest from 22.2% to 19.2%. In late 2020 the three remaining partners agreed to drill a Biscathorpe-2 side-track well (now designated 2Z) to target both the Westphalian at a more favourable location, and the underlying Dinantian oil-bearing section. A Planning Application was submitted to Lincolnshire County Council in February 2021 for a proposed side-track drilling operation, associated testing operations and, following a successful outcome, the long-term production of hydrocarbons.

#### BISCATHORPE LICENCE: MARKET RASEN & LOUTH AREA, LINCOLNSHIRE



#### Investments

The value of our listed oil and gas investments fell by 45% during the year from about £146,000 to £81,000. Since the year end there has been a ca. 10% recovery in their value and a more recent investment has produced a significant profit

  
Richard Stabbins  
Chairman

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**MONTROSE INDUSTRIES LIMITED**

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**DIRECTORS' REPORT**  
**For the Year Ended 31st December 2020**

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The directors present their report and the financial statements for the year ended 31 December 2020.

**Directors**

The directors who served during the year and their interests in the Company's issued share capital were:

	Ordinary shares of 25p each	
	31/12/20	1/1/20
Dr R. Stabbins	6,750,000	6,412,500
Dr R.J. Knaap	450,000	427,500
R.G. Godson	316,988	301,140
V. Godson	98,198	98,198

**Small companies note**

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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



R.G. Godson F.C.A.  
Secretary

Date: 24 May 2021

# MONTROSE INDUSTRIES LIMITED

## STATEMENT OF COMPREHENSIVE INCOME For the Year Ended 31 December 2020

	Note	2020 £	2019 £
Cost of sales		-	(2,827)
<b>Gross profit/(loss)</b>			(2,827)
Administrative expenses		(3,990)	(4,340)
<b>Operating loss</b>		(3,990)	(7,167)
Income from fixed assets investments		5,881	12,479
Amounts written off investments		(65,040)	31,946
Interest receivable and similar income		-	92
<b>(Loss)/profit before tax</b>		(63,149)	37,350
<b>(Loss)/profit for the financial year</b>		(63,149)	37,350
<b>Other comprehensive income for the year</b>			
<b>Total comprehensive income for the year</b>		(63,149)	37,350

The notes on pages 8 to 12 form part of these financial statements.

**MONTROSE INDUSTRIES LIMITED**

Registered number: 00654944

**BALANCE SHEET**  
**As at 31 December 2020**


	Note	2020 £	2019 £
<b>Fixed assets</b>			
Intangible assets	5	949,974	1,151,690
Tangible assets	6	226,749	217,933
Investments	7	80,951	145,991
		<u>1,257,674</u>	<u>1,515,614</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	8	202	23,749
Cash at bank and in hand	9	239,417	61,933
		<u>239,619</u>	<u>85,682</u>
Creditors: amounts falling due within one year	10	(14,574)	(155,428)
<b>Net current assets/(liabilities)</b>		<u>225,045</u>	<u>(69,746)</u>
<b>Total assets less current liabilities</b>		<u>1,482,719</u>	<u>1,445,868</u>
<b>Net assets</b>		<u>1,482,719</u>	<u>1,445,868</u>
<b>Capital and reserves</b>			
Called up share capital		400,000	380,000
Share premium account		1,506,314	1,426,314
Capital redemption reserve		73,791	73,791
Profit and loss account		(497,386)	(434,237)
		<u>1,482,719</u>	<u>1,445,868</u>

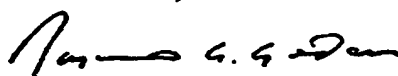
The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 May 2021.

  
Dr R. Stabbins  
Director

  
R.G. Godson  
Director

The notes on pages 8 to 12 form part of these financial statements.

# MONTROSE INDUSTRIES LIMITED

## STATEMENT OF CHANGES IN EQUITY For the Year Ended 31 December 2020

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1st January 2020	380,000	1,426,314	73,791	(434,237)	1,445,868
<b>Comprehensive income for the year</b>					
Loss for the year	-	-	-	(63,149)	(63,149)
<b>Other comprehensive income for the year</b>					
	-	-	-	-	-
<b>Total comprehensive income for the year</b>				(63,149)	(63,149)
Shares issued during the year	20,000	80,000	-	-	100,000
<b>Total transactions with owners</b>	20,000	80,000	-	-	100,000
<b>At 31st December 2020</b>	<b>400,000</b>	<b>1,506,314</b>	<b>73,791</b>	<b>(497,386)</b>	<b>1,482,719</b>

The notes on pages 8 to 12 form part of these financial statements.



# MONTROSE INDUSTRIES LIMITED

## STATEMENT OF CHANGES IN EQUITY For the Year Ended 31 December 2019

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1st January 2019	330,000	1,226,314	73,791	(471,587)	1,158,518
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	37,350	37,350
<b>Other comprehensive income for the year</b>					
	-	-	-	-	-
<b>Total comprehensive income for the year</b>					
	-	-	-	37,350	37,350
Shares issued during the year	50,000	200,000	-	-	250,000
<b>Total transactions with owners</b>					
	50,000	200,000	-	-	250,000
<b>At 31st December 2019</b>	<b>380,000</b>	<b>1,426,314</b>	<b>73,791</b>	<b>(434,237)</b>	<b>1,445,868</b>

The notes on pages 8 to 12 form part of these financial statements.

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## MONTROSE INDUSTRIES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31st December 2020

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#### 1. General information

The Company is a private corporation with limited liability incorporated in England and Wales with its registered office at 14 Bryanston Mansions, 62-66 York Street, London W1H 1DA.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

##### 2.2 Interest income

Interest income is recognised in profit or loss using the effective interest method.

##### 2.3 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

##### 2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures & fittings	-	33%
Office equipment	-	100%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

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## MONTROSE INDUSTRIES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31st December 2020

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#### 2. Accounting policies (continued)

##### 2.5 Valuation of investments

Investments in listed company shares are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

##### 2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### 2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

##### 2.8 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

##### 2.9 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

#### 3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes will differ from those estimates.

#### 4. Employees

The average monthly number of employees, including the directors, during the year was as follows:

	2020 No.	2019 No.
Directors	4	4

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## MONTROSE INDUSTRIES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31st December 2020

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#### 5. Intangible assets

	Oil & gas costs pending determination £
<b>Cost</b>	
At 1 January 2020	1,151,690
Additions	151,337
Disposals	(353,053)
At 31st December 2020	<u>949,974</u>
<b>Net book value</b>	
At 31st December 2020	<u>949,974</u>
At 31st December 2019	<u>1,151,690</u>

# MONTROSE INDUSTRIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31st December 2020

### 6. Tangible fixed assets

	Fixtures & fittings £	Office equipment £	Oil and gas development costs £	Total £
<b>Cost or valuation</b>				
At 1 January 2020	1	948	431,025	431,974
Additions	-	-	8,817	8,817
At 31st December 2020	1	948	439,842	440,791
<b>Depreciation</b>				
At 1 January 2020	-	947	213,095	214,042
At 31st December 2020	-	947	213,095	214,042
<b>Net book value</b>				
At 31st December 2020	1	1	226,747	226,749
At 31st December 2019	1	1	217,931	217,933

### 7. Fixed asset investments

	Listed investments £
<b>Cost or valuation</b>	
At 1 January 2020	145,991
Revaluations	(65,040)
At 31st December 2020	80,951

### 8. Debtors

	2020 £	2019 £
Other debtors	202	23,749
	202	23,749

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**MONTROSE INDUSTRIES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31st December 2020**

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**8. Debtors (continued)**

**9. Cash and cash equivalents**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Cash at bank and in hand	<b>239,417</b>	<b>61,936</b>
	<b>239,417</b>	<b>61,936</b>

**10. Creditors: Amounts falling due within one year**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Trade creditors	<b>12,324</b>	<b>153,178</b>
Accruals and deferred income	<b>2,250</b>	<b>2,250</b>
	<b>14,574</b>	<b>155,428</b>

**11. Related party transactions**

Godson & Co, a business owned by R.G.Godson, a director received £3,000 (2019 - £3,000) for the provision of accounting and secretarial services.

**12. Controlling party**

The Ultimate Controlling Party is Dr. R. Stabbins, a director.