ENI LASMO PLC

ANNUAL REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2020

REGISTERED OFFICE
Eni House
10 Ebury Bridge Road
London SW1W 8PZ

Registered Number: 01008965

ENI LASMO PLC

DIRECTORS AND REGISTERED OFFICE

BOARD OF DIRECTORS

A Mongini
P Malgari
G L Ferrara
P D Hemmens
L Vassallo

SECRETARY AND REGISTERED OFFICE

R D'Abreo
Eni House
10 Ebury Bridge Road
London SW1W 8PZ

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
The Capitol
431 Union Street
Aberdeen
AB11 6DA
United Kingdom

REGISTERED IN ENGLAND NO. 01008965

The directors present their strategic report of Eni Lasmo Plc (the company) for the year ended 31 December 2020.

Principal activities

The company continues its activities as an investment holding company carrying on the business of managing its investments and financing developments by its subsidiary companies. The company also holds a 40% interest in the Junin 5 Block in Venezuela through a matching share in two joint venture companies Petrojunin S.A. and Petrobicentenario S.A. The company is a public limited company.

Result and dividends for the year

The result for the year is set out in the statement of comprehensive income on page 10. The company's loss for the year was $41,083,000 (2019 – profit of $148,569,000). A dividend of $850,000,000 equivalent to $0.63 per share was paid to its shareholder Eni Investments plc during 2020 (2019 - $nil).
The net asset position of the company is $2,733,748,000 (2019: $3,624,831,000).
On 2 December 2020, the company transferred its entire capital contribution account of $1,552,470,000 to its profit and loss reserve.

Key performance indicators

Key figures	2020	2019	Variation
	$'000	$'000	£'000
(Loss)/profit for the year	**(41,083)**	148,569	(189,652)
Total assets	**3,156,108**	4,065,998	(909,890)
Net equity	**2,733,748**	3,624,831	(891,083)

The company received a dividend income of $200,000,000 from a subsidiary during the year (2019: $209,800,000). Following the annual impairment of investment review, the company recognised an impairment charge on its investments in subsidiaries amounting to $225,644,000 (2019: $169,165,000), this is mainly due to an overall reduction in the fair value of Eni UK Holdings Limited and its subsidiaries as a result of oil and gas price scenario decrease. The company reversed a trade receivable provision during the year amounting to $1,423,000 (2019: $121,824,000), because of an expected repayment of a receivable from a subsidiary.
The operating loss for 2020 is due to the impairment charge partially offset by the dividend income. Total assets decreased due to the dividend payment to the main shareholder of $850,000,000 and due to the impairment of investments partially offset by the cash receipt from dividend income. The net equity decreased due to the dividend payment to the main shareholder and the loss for the year.

Principal risks and uncertainties

The company, like other companies in the oil and gas sector, operates in an environment subject to inherent risks. The company aims to mitigate risks, manage, and control risk exposure where possible. The principal risks and uncertainties to the company are:

Business risk management

Operational risk: The company's subsidiaries and associates' activities present industrial and environmental risks and are therefore subject to extensive government regulations concerning environmental protection and industrial security. The broad scope of these activities involves a wide range of operational risks such as those of explosion, fire or leakage of toxic products, and production of non-biodegradable waste. Since exploration and production activities may take place on sites that are ecologically sensitive, each site requires a specific approach to minimise the impact on the related ecosystem, biodiversity and human health.

Impact of coronavirus (COVID-19)

As the company is a holding company, COVID-19 has had no impact on the company's operations. However, the company is exposed to the impact of COVID-19 through its relationship with Eni S.p.A. as discussed below.

Principal risks and uncertainties (continued)

Impact of coronavirus (COVID-19) (continued)

The dramatic events caused by the COVID-19 pandemic during 2020 with the lockdown of entire economies and huge limitations on international commerce and travel triggered a collapse in hydrocarbon demand in a context of a structural oversupply of the oil market leading to an unprecedented reduction in hydrocarbon prices. These developments had negative, material effects on Eni group's results of operations and cash flow during 2020. Confronted with such a remarkable shortfall in the cash flows, management has taken a number of measures to preserve the liquidity of the Group, the ability to cover financial obligations that come due and to mitigate the impact of the crisis on the Group's net financial position.

Eni Group continues to assess the potential impact of coronavirus on the staff and operations and have implemented appropriate mitigation plans.

Going forward, management expects a moderate recovery in global energy consumption subject to the risks and uncertainties described above.

Impact of the United Kingdom's exit from the European Union

Brexit has no impact on the company, as it is a holding company.

Section 172(1) UK Companies Act 2006 ("Act") Statement

Directors

As part of their induction the Directors of the Company are informed of their Directors' Duties with specific reference to section 172(1) (a-f) and if necessary can seek additional support and advice from an independent adviser to ensure that they are aware and know the likely consequences of any decision the company makes in the long term.

Stakeholders

The directors of the company believe it is fundamentally important that the values and principles which guide the company are clearly defined, both internally and externally, in order to ensure that all company activities are implemented in compliance with the relevant laws and in a context of fair competition, honesty, integrity, fairness and good faith which would promote the success of the company for the benefit of its members as a whole having regard the interests of all its stakeholders: shareholders, workforce, suppliers, customers, lenders, government/tax authorities, pension schemes/trustees, community and environment. These values are embedded in the Eni Code of Ethics, approved by the Board of Directors of its ultimate parent company, Eni S.p.A., on 18 March 2020 and by the Directors of the company on 3 June 2020. The Eni Code of Ethics sets out the challenges of sustainable development and the need to take into consideration the interests of all stakeholders to clearly define the values that the company will accept, acknowledge and share as well the responsibilities it assumes, contributing to a better future. The Eni Code of Ethics is brought to the attention of every person or body having business relations with the company.

Community and the Environment

Eni's mission, inspired by the UN 2030 Agenda represents the transformation path taken by the company to play a defining role in the global process towards a low carbon future, promoting access to energy efficiently and sustainably for everyone. This mission confirms Eni's commitment to an energy transition that is also socially fair and organically integrating the 17 SDGs to which Eni intends to contribute, exploiting new business opportunities.

Section 172(1) UK Companies Act 2006 ("Act") Statement (continued)

Business Conduct

The Directors of the company believe that business has the responsibility to respect and support the fundamental human rights, as expressed in the Universal Declaration for Human Rights and the United Nations Guiding Principles on Business and Human Rights. The company is committed to maintaining and improving its practices to combat slavery and human trafficking violations in its operations and supply chain. These values are embedded in the Eni Modern Slavery Act Statement, approved by the Board of Directors of its ultimate parent company, Eni S.p.A., on 23 April 2020 and by the Directors of the company on 3 June 2020. Moreover, as an indirect subsidiary of Eni S.p.A the Board of Directors have adopted the Eni internal Regulatory System including Management System Guidelines which sets out internal policies to achieve a high standard of business conduct. All Board of Directors decisions are taken with regard to section 172 of the Act.

Shareholders

The Board of Directors consider and only approve items of business that would promote the success of the company and in the best interests of the company, the company's immediate shareholders, the ultimate parent Eni S.p.A and its stakeholders.

On behalf of the Board

gian luigi ferrara
gian luigi ferrara (Apr 23, 2021 15:16 GMT+1)

G L Ferrara
Director
23 April 2021

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

Directors

The present directors of the company are listed on page 1 and have held office throughout the year and up to the date of signing the financial statements with the following exceptions:

- P D Hemmens was appointed as a director on 6 August 2020.
- M Giusto resigned as a director on 6 August 2020.
- P Malgari was appointed as a director on 6 August 2020.
- C A Pagano resigned as a director on 8 April 2021.
- A Mongini was appointed as a director on 8 April 2021.

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.

Dividends

A dividend of $850,000,000 equivalent to $0.63 per share was paid to its shareholder Eni Investments Plc during 2020 (2019 - $nil).

Future developments

The directors anticipate that the company will continue its activity as an investment company. The directors expect the company and its subsidiaries to achieve positive results from future operations and activities.

Financial risk management

The directors periodically review the company's exposure to financial risks and set appropriate policies in order to mitigate the risks. The company is exposed to the following financial risks:

Liquidity risk: The risk that suitable sources of funding for the company's business activities may not be available. The company through Eni Group has access to a wide range of funding at competitive rates through the capital markets and banks and has support from the ultimate parent company, Eni S.p.A., if required. The company believes it has access to sufficient funding to meet currently foreseeable borrowing requirements.

The directors do not consider there to be a material exposure to price risk, credit risk or cash flow risk.

Financial instruments

Details on the use of financial instruments and financial risk management are included in the relevant notes in the financial statements.

Post balance sheet events

There are no post balance sheet events to report.

Going concern

The financial statements have been prepared on a going concern basis as the directors are satisfied that the company has adequate internal resources to continue to operate for the foreseeable future being no less than twelve months from the date of signing the financial statements. Refer to the Basis of preparation in the Statement of accounting policies for more details.

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the directors' 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 the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). 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 year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the EU have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

Provision of information to auditors

The directors, as at the date of this report, have confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and they have taken all the steps that they ought to have taken as a directors 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

Pursuant to Section 489 of the Companies Act 2006, a resolution for the re-appointment of PricewaterhouseCoopers LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board

Riordan D'Abreo
Riordan D'Abreo (Apr 23, 2021 12:14 GMT+1)

R D'Abreo
Secretary
23 April 2021

Independent auditors' report to the members of Eni Lasmo Plc

Report on the audit of the financial statements

Opinion

In our opinion, Eni Lasmo Plc's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; 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 balance sheet as at 31 December 2020; the statement of comprehensive income, the statement of changes in shareholders' equity and the cash flow statement for the year then ended; the statement of accounting policies; and the notes to the financial statements.

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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.

Independent auditors' report to the members of Eni Lasmo Plc (continued)

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 our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

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 2020 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 Statement of directors' responsibilities in respect of the Directors' Report and the financial statements , 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the failure to comply with the relevant tax regulations in the jurisdictions in which the company operates, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates. Audit procedures performed included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud
- Understanding and evaluating controls designed to prevent and detect irregularities and fraud
- Identifying and testing journal entries, in particular journal entries posted with unusual account combinations
- Enquiries made of the tax team to identify any instances of non-compliance with laws and regulations
- Review of financial statement disclosures and testing to supporting documentation where applicable, to assess compliance with applicable laws and regulations

Independent auditors' report to the members of Eni Lasmo Plc (continued)

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 obtained 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.

Kevin Reynard (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Aberdeen
23 April 2021

ENI LASMO PLC

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	**2020 $'000**	2019 $'000
Dividend income	6	**200,000**	209,800
Other income	5	**12**	7
Depreciation, amortisation and impairment	9	**(10)**	-
Impairment of subsidiaries and associates	10	**(225,644)**	(169,165)
Administrative expenses	4	**(1,065)**	(1,903)
Reversal of / (increase in) provision	15	**3,479**	(1,514)
Reversal of expected credit losses on receivables	11	**1,423**	121,824
Operating (loss) / profit		**(21,805)**	159,049
Interest receivable and similar income	2	**6,992**	14,709
Interest payable and similar charges	3	**(29,395)**	(29,556)
(Loss) / profit before taxation		**(44,208)**	144,202
Taxation	8	**3,125**	4,367
(Loss) / profit for the year		**(41,083)**	148,569
Other comprehensive income		**-**	-
Total comprehensive (expense) / income		**(41,083)**	148,569

All results are from continuing operations and total comprehensive (expense) / income for the year is attributable to the equity holders.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Share Capital	Share Premium	Capital Contribution Reserve	Other Reserves	Accumulated profit / (losses)	Total Shareholders' Equity
	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January 2019	524,137	1,445,710	1,552,470	378,801	(424,856)	3,476,262
Total comprehensive income for the year	-	-	-	-	148,569	148,569
At 31 December 2019	524,137	1,445,710	1,552,470	378,801	(276,287)	3,624,831
Total comprehensive expense for the year	-	-	-	-	(41,083)	(41,083)
Transfer to accumulated profit / (losses)	-	-	(1,552,470)	-	1,552,470	-
Transaction with owners in their capacity as owners:						
Dividends paid ($0.63 per share)	-	-	-	-	(850,000)	(850,000)
At 31 December 2020	**524,137**	**1,445,710**	**-**	**378,801**	**385,100**	**2,733,748**

Please refer to note 16 and 17 for share capital, share premium and capital contribution reserve.

On 2 December 2020, the company transferred its entire capital contribution reserve of £1,552,470,000 to its Accumulated profit and loss reserve.

ENI LASMO PLC (Registered Number: 01008965)

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 $'000	2019 $'000
Assets			
Current assets			
Cash and cash equivalents	12	**54,298**	738,999
Trade and other receivables	11	**9,610**	9,907
		63,908	748,906
Non-current assets			
Property, plant and equipment	9	**2,962**	2,210
Investments in subsidiaries	10	**3,035,784**	3,261,428
Investments in associates	10	**53,454**	53,454
		3,092,200	3,317,092
Total assets		**3,156,108**	4,065,998
Liabilities			
Current liabilities			
Trade and other payables	13	**1,392**	16,720
		1,392	16,720
Non-current liabilities			
Provisions	15	**17,613**	21,092
Borrowings	14	**403,355**	403,355
		420,968	424,447
Total liabilities		**422,360**	441,167
Shareholders' equity			
Share capital	16	**524,137**	524,137
Share premium	16	**1,445,710**	1,445,710
Capital contribution reserve	17	**-**	1,552,470
Other reserves	17	**378,801**	378,801
Accumulated profit /(losses)		**385,100**	(276,287)
Total shareholders' equity		**2,733,748**	3,624,831
Total shareholders' equity and liabilities		**3,156,108**	4,065,998

The financial statements from page 10 to 31 were approved by the Board on 17 March 2021 and were signed by an authorised director on behalf of the Board, at a later date.

On behalf of the Board

gian luigi ferrara
gian luigi ferrara (Apr 23, 2021 15:16 GMT+1)

G L Ferrara
Director
23 April 2021

ENI LASMO PLC

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 $'000	2019 $'000
Cash flows from operating activities			
(Loss)/profit for the year		**(41,083)**	148,569
Adjustments for:			
Depreciation, amortisation and impairment	9	**10**	-
Impairment of subsidiaries and associates	10	**225,644**	169,165
Dividends income	6	**(200,000)**	(209,800)
Interest receivable	2	**(6,992)**	(14,709)
Interest payable	3	**29,395**	29,556
Tax	8	**(3,125)**	(4,367)
Other provision	15	**(3,479)**	1,514
Expected credit gain on receivables	11	**(1,423)**	(121,824)
		(1,053)	(1,896)
Changes in working capital			
Decrease/(increase) in trade and other receivables	11	**4,883**	(986)
(Decrease)/increase in trade and other payables	13	**(15,524)**	1,283
Cash used in operations		**(11,694)**	(1,599)
Interest received	2	**6,955**	14,632
Interest paid	3	**(29,200)**	(29,200)
Tax received		**-**	1,527
Net cash used in operating activities		**(33,939)**	(14,640)
Cash flows from investing activities			
Dividends received	6	**200,000**	209,800
Proceeds from acquisitions of subsidiaries	15	**-**	84,836
Loan repayment from subsidiary		**-**	87,933
Investment in subsidiaries	10	**-**	(168,000)
Purchase of property, plant and equipment	9	**(762)**	(2,210)
Net cash generated from investing activities		**199,238**	212,359
Cash flow from financing activities			
Dividends paid to shareholders		**(850,000)**	-
Net cash used in financing activities		**(850,000)**	-
Net (decrease)/increase in cash and cash equivalents		**(684,701)**	197,719
Cash and cash equivalents at 1 January	12	**738,999**	541,280
Cash and cash equivalents at 31 December	12	**54,298**	738,999

STATEMENT OF ACCOUNTING POLICIES

General information

The company is a public limited company, by shares, incorporated and domiciled in England and Wales, United Kingdom.

The principal accounting policies adopted in the preparation of the financial statements are set out below:

Basis of preparation

These financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The net asset position at 31 December 2020 was $2,733,748,000 (2019: $3,624,831,000). The directors are satisfied that the company has adequate financial resources, including access to Eni group financial resources, to continue to operate for the foreseeable future and meet its obligations as they fall due. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

The accounting policies have been applied consistently, other than where new policies have been adopted.

New and amended standards adopted

The company has applied the following standards and amendments for the first time for the annual reporting commencing on 1 January 2020:

- Definition of material – amendments to IAS 1 and IAS 8
- Definition of a business – amendments to IFRS 3
- Interest rate benchmark reform – amendments to IFRS 9, IAS 39 and IFRS 7
- Revised conceptual framework for financial reporting
- Annual improvements to IFRS standards 2018-2020 cycle.

The amendments listed above did not have any impact on the amounts recognised in prior periods and have no material on the entity in the current and future periods and on foreseeable future transactions.

New standards and interpretations not yet adopted
Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the company. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Investments

Investments in subsidiaries, associates and jointly controlled entities are accounted for at cost, less any provision for impairment.
On an annual basis, the company reviews the carrying amounts of its and those investments measured at cost, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Recoverable amount is the higher of fair value less costs of disposal and value in use.

At the end of each reporting year, an assessment is made to determine whether there is any indication that an impairment loss recognised in prior periods may no longer exist or has decreased. Where such an indication exists, an impairment loss is reversed to the extent that the asset's carrying value does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised

Consolidation

Consolidated financial statements have not been prepared for the company as it is a wholly-owned subsidiary of Eni S.p.A, a company incorporated in Italy, which prepares consolidated financial statements as stated in note 1.

The company has taken advantage of the exemption available under IFRS to present separate financial statements in accordance with paragraph 10 IAS 27(R). In addition, under section 400 of the Companies Act 2006 the company is exempt from the general requirement to prepare consolidated financial statements.

Dividend distribution

Dividends are recognised at the date of the Shareholders' Meeting in which they were declared, or in the case of an interim dividend declared by the Board, when it is paid.

Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management annually evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred tax 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. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities.

Foreign currencies

The company's functional and presentation currency is US Dollars. All financial information has been rounded to the nearest thousand ($'000), unless otherwise indicated. Transactions denominated in a foreign currency are converted to US Dollars at rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies have been translated at the rates ruling at the balance sheet date. The resulting gains and losses are recognised in the profit or loss.

The US Dollar to Sterling exchange rate applied as of 31 December 2020 was 0.73194 (2019: 0.7579).

Property, plant and equipment

Property, plant and equipment includes oil and gas properties representing the company's share of expenditure in respect of exploration, appraisal and development costs of fields where a decision to exploit their reserves has been made, field development programme approval has been granted and capital expenditure incurred when the fields are in production. Interest costs incurred during the development stage of fields are capitalised from the date at which field development programme approval is granted until production commences. Property, plant and equipment are depreciated using the unit of production method based on proved developed oil and gas reserves for each field in production at the balance sheet date. When there is a change in the estimated total recoverable proved developed reserves of a field, the undepreciated cost is written off over the revised remaining reserves.

Property, plant and equipment (continued)

Proven mineral interests are depreciated using the unit of production method based on proved developed and undeveloped oil and gas reserves for each field in production at the balance sheet date. When there is a change in the estimated total recoverable proved developed reserves of a field, the undepreciated cost is written off over the revised remaining reserves.

Intangible assets

(i) Exploration and appraisal costs

Exploration costs represent the company's share of expenditure by consortia and as operator on the exploration for oil and natural gas up to the date of any decision to exploit various finds. Where no decision has been made by the balance sheet date to exploit a find, the costs are accounted for in accordance with the successful efforts method. The cost of drilling exploratory wells is carried forward as an intangible asset if in the opinion of the directors there is a reasonable prospect of development of the related fields commencing within three years of commencement of drilling. Costs of exploratory dry holes are written off at the time that the wells are determined to be dry and all licence fees, geological and geophysical expenses are written off as incurred. Where a decision has been made to exploit a find, the exploration costs are carried forward. In the year after a decision has been made to exploit a find but before field development programme approval has been granted, any pre-development costs that are incurred are also capitalised and carried forward. When field development programme approval is granted, the exploration and pre-development costs of that field are first assessed for impairment and (if required) any impairment loss is recognised, then the remaining balance is reclassified as property, plant and equipment. Exploration wells that are being drilled at the year-end are included in intangible assets as exploration and appraisal costs until the results of the drilling are determined.

Exploration costs written off during the year are presented in a separate line item in the statement of comprehensive income.

(ii) Licence costs

Licence costs paid in connection with a right to explore in an existing exploration area are capitalised as intangible assets and amortised using the unit of production method based on proved developed and undeveloped oil and gas reserves for each field in production at the balance sheet date. When there is a change in the estimated total recoverable proved developed reserves of a field, the undepreciated cost is written off over the revised remaining reserves.

Licence costs are reviewed at each reporting date to confirm that there is no indication that the carrying amount exceeds the recoverable amount. This review includes confirming that exploration drilling is still under way or firmly planned, or that it has been determined, or work is under way to determine that the discovery is economically viable based on a range of technical and commercial considerations and that sufficient progress is being made on establishing development plans and timing. If no future activity is planned or the licence has been relinquished or has expired, the carrying value of the licence and property acquisition costs are written off through the profit or loss. Upon recognition of proved reserves and internal approval for development, the relevant expenditure is transferred to oil and gas properties.

Impairment of non-financial assets

On an annual basis, the company reviews the carrying amounts of its property, plant and equipment and those investments measured at cost, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Recoverable amount is the higher of fair value less costs of disposal and value in use. Management has assessed its cash generating unit (CGUs) as being an individual field, which is the lowest level for which cash inflows are largely independent of those of other assets.

Impairment of non-financial assets (continued)

In assessing value in use, future net cash flows for each field are calculated by utilising the company's estimate of proved reserves at year end, together with the company's estimates of future oil prices, future capital and operating costs and future decommissioning costs, required for recovering these remaining proved reserves. These estimated future cash flows are then discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

An impairment loss is recognised as an expense immediately. Management has assessed its CGUs as being an individual field, which is the lowest level for which cash inflows are largely independent of those of other assets.

At the end of each reporting year, an assessment is made to determine whether there is any indication that an impairment loss recognised in prior periods may no longer exist or has decreased. Where such an indication exists, an impairment loss is reversed to the extent that the asset's carrying value does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, the Company's current bank accounts and short-term deposits originally due, generally, within 90 days, readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

Cash deposited in some bank accounts held with Banque Eni SA (BESA)[1] may be subject to cash pooling arrangements with the ultimate parent company Eni SpA[2]. The Company has the full availability of these bank accounts without any restrictions; neither BESA nor the ultimate parent company can block withdrawals. Cash pooling accounts are balanced on a daily basis and the true intent of these accounts is to ensure settlements of payments to vendors and/or cash collections from customers.

Deposits held with Eni Finance International S.A. (EFI)[3] are classified as cash equivalents considering that: (i) they are highly liquid, available on demand or in the short term and have terms that are similar to those which would be expected if the deposits had been made with an independent third party financial institution; (ii) EFI maintains sufficient cash and liquid resources, along with access to credit lines, to meet all inter-company obligations simultaneously. The Company has full availability of the deposits held with EFI (i.e. no restriction to modify maturity date); if the Company needs to terminate earlier a deposit, there is no penalty on the change of period requested.

Interest income

Interest income is recognised on a time proportion basis.

Dividend income

Dividend income is recognised when the right to receive payment is established and is deemed to be a return on investment as approved by the board of directors of the subsidiaries and to be paid out of retained earnings of the subsidiaries.

Related party transactions

The company has complied with the requirements of International Accounting Standard ("IAS") 24 – Related party disclosures in these financial statements. Transactions with related parties are disclosed in each relevant note.

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1 BESA is a Belgian regulated bank subject to the banking regulatory requirements.

2 Although Eni SpA is not a financial institution, it performs its financial activities within specific Board approved limits.

3 EFI is the company responsible for the centralised funding of some foreign Eni Group companies and for collecting their financial surpluses.

Financial instruments

Financial assets
The company classifies its financial assets in the following categories: financial assets at amortised cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at amortised cost
Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The company's financial assets at amortised cost includes trade and other receivables.

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 all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the company applies a simplified approach in calculating ECLs. Therefore, 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.

The company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the company may also consider a financial asset to be in default when internal or external information indicates that the company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Borrowings included as financial liabilities are held at amortised cost

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial recognition date and only if the conditions in IFRS 9 are satisfied.

Other financial liabilities are classified in the balance sheet as trade and other payables.

Use of accounting estimates, judgements and assumptions

The company's financial statements are prepared in accordance with IFRS as adopted by the EU. This requires the use of estimates and assumptions that affect the assets, liabilities, revenues and expenses reported in the financial statements, as well as amounts included in the notes thereto, including discussion and disclosure of contingent liabilities. Estimates made are based on complex or subjective judgements, past experience and other assumptions deemed reasonable in consideration of the information available at the time. The accounting policies and areas that require the most significant judgements and estimates to be used in the preparation of the financial statements are in relation to the accounting for oil and natural gas activities, specifically in the determination of proved and proved developed reserves and impairment of property, plant and equipment, goodwill and those investments measured at cost. Although the company uses its best estimates and judgements, actual results could differ from the estimates and assumptions used.

A summary of significant estimates is as follows:

a) Oil and gas activities

a) Impairment of non-financial assets

The company assesses its property, plant and equipment and those investments measured at cost, for possible impairment if there are events or changes in circumstances that indicate the carrying values of the assets are not recoverable and on an annual basis. Such indicators include changes in the company's business plans, changes in commodity prices leading to unprofitable performance and, for oil and gas properties, significant downward revisions of estimated proved reserve quantities.

Determination as to whether and how much an asset is impaired involves management estimates on highly uncertain matters such as future commodity prices, the effects of inflation and technology improvements on operating expenses, production profiles and the outlook for global or regional market supply and demand conditions for crude oil, natural gas, commodity chemicals and refined products, and the discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

1 Parent undertakings

The company's immediate parent undertaking is Eni Investments Plc.

The company's ultimate parent undertaking, Eni S.p.A., a company incorporated in Italy with registered office at Piazzale Enrico Mattei, 100144 Rome, will produce consolidated financial statements for the year ended 31 December 2020, which will be available from its website (www.eni.com) or on request to Eni S.p.A., Via Emilia 1, 20097 San Donato Milanese, Italy.

The parent company of the largest and smallest group into which the company is consolidated is Eni S.p.A.

2 Interest receivable and similar income

	2020 $'000	2019 $'000
Bank interest receivable – affiliates		
Affiliate companies		
Eni Finance International S.A.	**6,992**	14,709
	6,992	14,709

3 Interest payable and similar charges

	2020 $'000	2019 $'000
Interest payable		
Affiliate companies		
Eni America Limited	**29,200**	29,200
Foreign exchange loss	**195**	356
	29,395	29,556

4 Administrative expenses

	2020 $'000	2019 $'000
Administrative expenses		
Parent company		
- Eni S.p.A.	**141**	127
Affiliate companies		
- Eni UK Limited	**702**	1,262
- Eni Venezuela BV	**12**	66
- Banque Eni	**5**	7
Third parties	**205**	441
Total administrative expenses	**1,065**	1,903

In 2020 and 2019 the audit fees of the company were borne by its immediate parent company, Eni Investments Plc. For the purpose of disclosure, a fair allocation of the audit fee to the company would be $39,373 (2019 - $38,025).

5 Other income

	2020 $'000	2019 $'000
Other income	**12**	7

6 Dividend income

	2020 $'000	2019 $'000
Subsidiary companies		
Eni Oil Algeria Limited	**200,000**	200,000
Eni UK Holding plc	**-**	9,800
	200,000	209,800

7 Directors' remuneration

The directors of the company are also the directors of other affiliate companies. The parent undertaking has paid the emoluments paid to the directors for the services provided to this company and a fair allocation to the company would be approximately $868,592 (2019: $930,056). A fair allocation of the highest paid director would be $410,208 (2019- $296,835). The directors' stock options are reported in the financial statements of Eni S.p.A.

The key management personnel of the company comprise the chairman and all the executive directors. The compensation of key management personnel is set out above. There are no personnel, other than the directors, who have the authority and responsibility for planning, directing and controlling the activities, directly or indirectly, of the company. The directors do not believe that any other employees meet the definition of key management personnel under *IAS 24 'Related party disclosures'*.

8 Taxation

	2020 $'000	2019 $'000
UK corporation tax at 19% (2019 – 19%)	**(946)**	-
Adjustment in respect of prior periods	**(2,179)**	(4,367)
Taxation	**(3,125)**	(4,367)

The tax charge assessed for the year is higher (2019 - lower) than the standard rate of corporation tax in the UK – 19% (2019 – 19%).

8 Taxation (continued)

The differences are explained below:

	2020 $'000	2019 $'000
(Loss)/profit before taxation	**(44,208)**	144,202
Taxation on (loss)/profit before tax at 19% (2019 – 19%)	**(8,399)**	27,398
Income not taxable	**(38,009)**	(39,878)
Expenditure not deductible for tax purposes	**42,583**	16,422
Group relief claimed	**(49)**	(3,942)
Movement in deferred tax not recognised	**2,928**	-
Adjustment to current tax in respect of previous periods	**(2,179)**	(4,367)
Total tax credit for the year	**(3,125)**	(4,367)

The deferred tax asset calculated at the rate of 19% (2019 – 17%) which was not recognised in the financial statements amounted to:

	2020 Unprovided amount $'000	2019 Unprovided amount $'000
Unrecognised tax losses carried forward	**42,771**	36,485

The directors consider that it is unlikely that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted; therefore the deferred tax asset was not recognised.

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%.Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to increase the unrecognised deferred tax asset by $13,506,000.

9 Property, plant and equipment

	Oil and gas properties 2020 $'000	Oil and gas properties 2019 $'000
Cost		
At 1 January	**448,482**	446,272
Additions	**762**	2,210
At 31 December	**449,244**	448,482
Accumulated depreciation and impairment		
At 1 January	**446,272**	446,272
Depreciation charge for the year	**10**	-
At 31 December	**446,282**	446,272
Net book value		
At 31 December	**2,962**	2,210

In 2020, the company continued investing in its 40% participating interest in the development of the Junin 5 block in Venezuela with capital expenditure totalling $762,000 (2019: $2,210,000).

As a result of the annual impairment process, an impairment charge of $nil (2019: $nil) was recognised. The key assumptions in the test were oil and natural gas prices, production and cost profiles and the discount rate. The recoverable amount of the impaired asset is its value in use and was determined at the level of the CGU, which is Petrojunin block (2019: Petrojunin block).

The key assumptions used in the impairment tests were an inflation rate 1.9% (2019: 2.0%), post-tax discount rate of 9.9% (2019: 18.9%) which is the Eni Group's average cost of capital based on the indicators assumed for the 4-year plan, and an average oil price of US$36.6/bbl (2019: US$47.8/bbl) based on the 4-year plan for this CGU.

10 Investments

Investments in subsidiary companies:

	2020 $'000	2019 $'000
Cost		
At 1 January	**7,004,187**	6,794,187
Additions for the year	**-**	210,000
At 31 December	**7,004,187**	7,004,187
Impairment		
At 1 January	**(3,742,759)**	(3,508,336)
Impairment charge for the year	**(225,644)**	(169,165)
Transfer from other provisions (note 15)	**-**	(65,258)
At 31 December	**(3,968,403)**	(3,742,759)
Net book value		
At 31 December	**3,035,784**	3,261,428

10 Investments (continued)

Investments are accounted for at cost less impairment.

As a result of the annual impairment review, there is an impairment charge of $225,644,000 (2019: impairment charge of $169,165,000). The impairment charge relates to Lasmo Sanga Sanga Limited $2,709,790 and Eni UK Holdings Plc $222,934,393. The charge is mainly due to the reduction in value of the direct and indirect subsidiaries as a result of the reduction in the oil and gas price scenario. The annual impairment review compares the carrying value of the company's investments to their recoverable amounts based on the fair value of subsidiaries held, calculated using their net assets and net present value of the underlying operating assets held by the subsidiaries.

The key assumptions in the annual impairment review were oil and natural gas prices, production and cost profiles, the inflation rate and the discount rate. The recoverable amount of the oil and gas assets is based on value in use and was determined at the level of the CGU. The key assumptions used in the impairment tests were pre-tax discount rate in a range of 6-14% which is the Eni Group's average cost of capital based on the indicators assumed for the 4 year plan, and an average oil price of US$56.55/bbl (2019: US$67.34/bbl) based on the 4 year plan.
Based on the impairment analysis, the company has an overall surplus of $298 million (2019: $830 million) over the carrying values of investments in subsidiaries relating to Eni Oil Algeria Limited, Eni ULT Limited and Petrojunin. A reduction of 10% in the prices would result in a reduction of the surplus by $298 million.

As part of a group reorganisation, the company approved on 30 September 2019 two Share Transfer Deeds and one Sale and Purchase Agreement with its affiliate Eni UK Limited providing for the company to purchase the entire share capital of Eni India Limited, Eni Côte d'Ivoire Limited and Eni Mozambique Engineering Limited for a consideration of £1 each plus a consideration adjustment of $25,578,000 and $59,258,000 paid by Eni UK Limited to the company for the transfer of Eni India Limited and Eni Côte d'Ivoire Limited respectively corresponding to the market value of the liabilities.

During 2019, the company made the following capital injections: Eni Côte d'Ivoire Limited $68,000,000, Eni India Limited $6,000,000, Eni Hydrocarbons Venezuela Limited $4,000,000 and Eni CBM Limited $94,000,000.

Additions of subsidiary company	**2019 Investment amount $'000**
Eni Côte d'Ivoire Limited	68,000
Eni India Limited	6,000
Eni Hydrocarbons Venezuela Limited	4,000
Eni CBM Limited	94,000
VIC CBM Limited	25,500
Virginia Indonesia Co .CBM Limited	12,500
Total	210,000

On 25 October 2019, the board of directors approved the conversion of shareholder loans to capital for VIC CBM Limited and Virginia Indonesia Co. CBM Limited for $25,500,000 and $12,500,000 respectively.

10 Investments (continued)

Investments in associates:	2020 $'000	2019 $'000
Cost		
At 1 January	**181,422**	181,422
At 31 December	**181,422**	181,422
Impairment		
At 1 January	**(127,968)**	(127,968)
Impairment for the year	**-**	-
At 31 December	**(127,968)**	(127,968)
Net book value		
At 31 December	**53,454**	53,454

As a result of the impairment review, there is an investment impairment charge for 2020 of $nil (2019: impairment charge of $nil) on the Petrojunin associate due to the reduction of activities in the company's region of operation. The annual impairment review calculates the carrying value of its investments to their recoverable amounts based on the fair value of associates held, calculated using their net assets and net present value of the underlying operating assets held by the associates.

Based on the impairment analysis, the company has an overall surplus of $90 million (2019: $million) over the carrying values of investments in associates. A reduction of 10% in the prices would result in a reduction of the surplus on investments in associates by $23million.

The principal subsidiaries, associates and jointly controlled entities of the company, which are all involved in oil and gas exploration and production activities, are:

Proportion of ordinary capital held by the company as at 31 December 2020 and 31 December 2019:

Company name	Country of registration	Holding	Registered address
Eni Oil Algeria Limited	England	100%	A
Lasmo Sanga Sanga Limited	Bermuda	100%	B
Eni ULX Limited *	England	100%	A
Eni Pakistan Limited*	England	100%	A
Eni ULT Limited	England	100%	A
Eni UK Holding plc	England	99.99%	A
Burren Energy plc*	England	99.99%	A
Eni CBM Limited	England	100%	A
VIC CBM Limited **	England	50%	A
Virginia Indonesia Co. CBM Limited **	England	50%	A
Petrojunin S.A. ***	Venezuela	40%	C
PetroBicentenario S.A. ***	Venezuela	40%	D
Eni Hydrocarbons Venezuela Limited	England	100%	A
Eni India Limited	England	100%	A
Eni Cote d'Ivoire Limited	England	100%	A
Eni Mozambique Engineering Limited	England	100%	A

* Indirect holdings ** Joint operations *** Associate

A - Eni House, 10 Ebury Bridge Road, London SW1W 8PZ
B - Thistle House, 4 Burnaby Street, Hamilton, HM11, Bermuda
C - Avenue: Veracruz, Building PAWA, Floor 5 'Office Presidency' - Residential: Las Mercedes, City: Caracas, State: Miranda, Zip code: 1061, Country: Venezuela.
D - Avenue Libertador W/Empalme Street. Building Petroleos de Venezuela, West Tower, floor 7 of 28 La Campina, Caracas – Capital District zip 1050 Venezuela.

In the opinion of the directors, the value of the company's investments is not less than the amounts at which they are included in the financial statements.

10 Investments (continued)

The other investments in which the company has a significant interest of 20% or more are set out in note 20.

11 Trade and other receivables

	2020 $'000	2019 $'000
Amounts owed by related parties and trade receivables		
Subsidiary companies		
Eni Hydrocarbons Venezuela Limited	**1,423**	-
Affiliate companies		
Petrobicentenario S.A.	**38,578**	35,310
Petrojunin S.A.	**2,698**	2,470
Provision for receivables from affiliates	**(41,276)**	(37,780)
Eni UK Limited	**4,307**	4,438
Eni Finance International S.A.	**37**	645
Other debtors – third parties	**3,843**	4,824
	9,610	9,907
Provision for expected credit losses on receivables		
At 1 January 2020	**(37,780)**	(161,801)
Reversal	**-**	123,247
Foreign exchange movement	**(3,496)**	1,085
Increase in the year	**-**	(311)
At 31 December 2020	**(41,276)**	(37,780)

The company has applied the simplified approach to measuring expected credit losses (ECL). At the year end the company increased the total loss allowance to $41,276,000 (2019: $37,780,000), this represents an increase to the loss allowance of $3,496,000 (2019: decrease of $124,021,000).

The net increase for the year of the expected credit losses is due to a repayment from Eni Hydrocarbons Venezuela which is offset by an exchange rate movement. In 2019 the decrease in the year of the expected credit losses is due to a repayment of receivable from Eni CBM Limited and the conversions of shareholder loans into capital of VIC CBM Limited and Virginia Indonesia Co. CBM Limited.

The carrying amounts of the company's third party receivables are denominated in the following currencies:

	2020 $'000	2019 $'000
GB Pounds	**3,843**	4,261
US Dollars	**-**	563

The carrying amounts of related party receivables are denominated in the following currencies.

	2020 $'000	2019 $'000
US Dollars	**1,460**	645
Euros	**-**	-
GB Pounds	**4,307**	4,438

11 Trade and other receivables (continued)

The maximum exposure to credit risk at the reporting date is the fair values of each class of receivable mentioned above. The company does not hold any collateral security. The company believes that the carrying amounts are a reasonable approximation to the fair value.

Credit risk is the potential exposure of the company and its subsidiaries to loss in the event of non-performance by a counterparty. The credit risk arising from the company's normal commercial operations is controlled according to guidelines established by the Eni S.p.A Group. In addition, the company follows guidelines of the Eni S.p.A treasury department on the choice of highly credit-rated counterparties in their use of financial and commodity instruments, including derivatives. The company has not experienced material non-performance by any counterparty. As of 31 December 2020 the company has no significant concentrations of credit risk. The maximum exposure to credit risk is equal to the carrying amount of the trade and other receivables.

12 Cash and cash equivalents

	2020	2019
	$'000	$'000
Cash at bank		
Affiliate company		
Banque Eni S.A.	**298**	299
Short term bank deposits – Affiliate company		
Eni Finance International S.A.	**54,000**	738,700
	54,298	738,999

The effective interest rate on short-term deposits was between 0.93% and 2.00% during 2020 (2019 – 1.50% - 2.78%). All deposits mature within one month of the year end. $54,000,000 of these deposits have a short maturity of less than three months from date of acquisition (2019: $558,700,000), with $nil of deposits maturing within twelve months from acquisition (2019: $180,000,000l). These deposits are held with Eni Finance International S.A. which is a subsidiary of Eni S.p.A. and has a credit rating of Baa1 as issued by Moody's.

The company believes that the carrying amounts are a reasonable approximation to the fair value.

13 Trade and other payables

	2020	2019
	$'000	$'000
Amounts owed to related parties		
Affiliate companies		
Eni UK Limited	**78**	367
Eni Venezuela B.V.	**1,314**	12,353
Eni Hydrocarbons Venezuela Limited	**-**	4,000
	1,392	16,720

The payables to related parties arise mainly from purchase of services and are due one month after the date of purchase. The payables are unsecured and bear no interest.

These payables are all trade creditors except for 2020: $nil (2019: $4,000,000) which is classified as other creditors.

The company believes that the carrying amounts are a reasonable approximation to the fair value.

14. Borrowings

Non-current

	2020	2019
	$'000	$'000
Affiliate company		
Eni USA Inc.	**403,355**	403,355

The intercompany loan with Eni USA Inc. matures in 2027. The loan carries an interest rate of 7.3% (2019: 7.3%).

15 Provisions

	2020	2019
	£'000	£'000
At 1 January	21,092	-
Transfer of affiliates		
Transfer of Eni India Limited	-	25,578
Transfer of Eni Côte d'Ivoire Limited	-	59,258
Utilisation/transfer to impairment provision	-	(65,258)
(Decrease) / increase in provision	(3,479)	1,514
At 31 December	17,613	21,092

The remaining provision of $17,613,000 at 31 December 2020 (2019: $21,092,000) represents a provision to meet future obligations of Eni India Limited.

As part of a group reorganisation, the company approved on 30 September 2019 two Share Transfer Deeds with its affiliate Eni UK Limited providing for the company to purchase the entire share capital of Eni India Limited and Eni Côte d'Ivoire Limited for a consideration of £1 each plus a consideration adjustment of $25,578,000 and $59,258,000 respectively paid by Eni UK Limited to the company for the transfer of Eni India Limited and Eni Côte d'Ivoire Limited corresponding to the negative net equity value of the subsidiaries on 30 September 2019. The consideration adjustment is the market value of the liabilities associated to future obligations for Eni India Limited.

In December 2019, the company made capital contributions to Eni India Limited of $6,000,000 and to Eni Côte d'Ivoire Limited of $68,000,000.

16 Share capital

	2020	2019
	$'000	$'000
Authorised		
1,703,812,700 (2019: 1,703,812,700) ordinary shares of £0.25 each	**661,233**	661,233
Issued and fully paid		
1,350,554,897 (2019: 1,350,554,897) ordinary shares of £0.25 each	**524,137**	524,137

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for the shareholder and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may retain cash due to be distributed to the shareholder, call on additional contributions from the shareholder, or sell assets, when applicable.

16 Share capital (continued)

The company regularly reviews its capital structure on the basis of its expected capital requirements in order to achieve the defined strategic objectives and manages its capital accordingly.

The company's capital structure fully satisfies its capital requirements and the company has no necessity or intention of altering the current position.

Share premium of $1,445,710,000 (2019: $1,445,710,000) arose on issue of the share capital.

17 Capital contribution reserve and other reserves

Capital contribution reserves of $nil (2019: $1,552,470,000) have accumulated since incorporation as a result of capital injections made by the parent company, Eni S.p.A.

On 2 December 2020, the company transferred its entire capital contribution account of £1,552,470,000 to its profit and loss reserve.

Other reserves are $378,801,000 (2019: $378,801,000).

18 Joint operations

For 2020 and 2019

Activity	Name of license	Place of operation	Interest held
Oil and gas	Petrojunin S.A.	Venezuela	40%
Oil and gas	Petrobicentenario S.A.	Venezuela	40%

19 Market risks

Liquidity risk

Liquidity risk is the risk that suitable sources of funding for the company's business activities may not be available. The company has access to a wide range of funding at competitive rates through the capital markets and banks and also has support from the ultimate parent company, Eni S.p.A. The company believes it has access to sufficient funding to meet currently foreseeable borrowing requirements.

Effective management of the liquidity risk has the objective of ensuring the availability of adequate funding to meet short term requirements and due obligations as well as the objective of ensuring a sufficient level of flexibility in order to fund the development plans of the company's businesses.

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining year at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Foreign exchange risk is deemed to be immaterial.

19 Market risks (continued)

As at 31 December 2020	Less than one year $'000	More than one year $'000
Trade and other payables (note 13)	**1,391**	**-**
Borrowings (note 14)	**-**	**403,355**

Borrowings and trade and other payables will be settled on a gross basis.

As at 31 December 2019	Less than one year $'000	More than one year $'000
Trade and other payables (note 13)	16,720	-
Borrowings (note 14)	-	403,355

Borrowings and trade and other payables will be settled on a gross basis.

20 Other investments

The following list of subsidiaries and associate companies include the direct and indirect investments above 20% shareholding held by the company, results of which are not material to its activities: There have been no changes in the year.

Name of company	Country of incorporation	Ownership	Registered address
Eni MOG Ltd (in liquidation)	UK	100%	A
Liverpool Bay CCS Limited	UK	100%	A
(subsidiaries under Burren Energy Plc)			
Burren Energy (Bermuda) Ltd	Bermuda	100%	B
Burren Energy (Egypt) Ltd	UK	100%	A
Burren Energy India Ltd	UK	100%	A
Eni Yemen Ltd	UK	100%	A
(subsidiaries under Burren Energy (Bermuda) Ltd)			
Eni Turkmenistan Ltd	Bermuda	100%	B
Burren Energy Congo Ltd	British Virgin Islands	100%	C
Zetah Congo Ltd	Bahamas	33.33%	D
Zetah Kouilou Ltd	Bahamas	37%	D
(subsidiaries under Burren Energy India Ltd)			
Burren Shakti Ltd	Bermuda	100%	B
(subsidiaries under Eni ULT Ltd)			
Eni Middle East Ltd	UK	100%	A
Eni UHL Ltd	UK	100%	A
(subsidiaries under Eni Middle East Ltd)			
Khaleej Petroleum Company WLL	Kuwait	49%	J

20 Other investments (continued)

Name of company	Country of incorporation	Ownership	Registered address
(subsidiaries under Eni UHL Ltd)			
Eni America Ltd	USA	100%	F
(subsidiaries under Eni America Ltd)			
Eni Oil & Gas Inc	USA	100%	F
(subsidiaries under Eni Oil & Gas Inc)			
Eni USA Inc.	USA	100%	F
Liberty National Development Co. LLC	USA	32.5%	F
(subsidiaries under Eni ULX Ltd)			
Eni Indonesia Ltd	UK	100%	A
Eni Oil Holdings BV	Holland	100%	I
Liverpool Bay Ltd	UK	100%	A
(subsidiaries under Eni Indonesia Ltd)			
Eni Ambalat Ltd	UK	100%	A
Eni Arguni I Ltd	UK	100%	A
Eni Bukat Ltd	UK	100%	A
Eni East Sepinggan Ltd	UK	100%	A
Eni Ganal Ltd	UK	100%	A
Eni East Ganal Ltd	UK	100%	A
Eni West Ganal Ltd	UK	100%	A
Eni Indonesia OTS 1 Ltd	Cayman Island	100%	E
Eni Krueng Mane Ltd	UK	100%	A
Eni North Ganal Ltd	UK	100%	A
Eni Rapak Ltd	UK	100%	A
Eni West Timor Ltd	UK	100%	A
(subsidiaries under Eni Oil Holdings BV)			
Eni Algeria Ltd Sarl	Luxembourg	100%	H
(subsidiaries under Eni Algeria Ltd Sarl)			
Eni Algerie Ltd	Algeria	100%	G
Eni Pakistan M Ltd Sarl	Luxembourg	100%	H

A - Eni House, 10 Ebury Bridge Road, London SW1W 8PZ.
B - Thistle House, 4 Burnaby Street, Hamilton, HM11, Bermuda.
C - Commerce House, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, VG1110, British Virgin Islands
D - Trident Corporate Services (Bahamas) Limited, Suite 200B, 2nd Floor, Centre of Commerce, One Bay Street, PO Box N3944, Nassau, Bahamas
E - Quorum Services Limited, c/o Nelson & Company, Maricorp Services Ltd, PO Box 2075, #31 the Strand, 46 Canal Point Road, West Bay Road, Grand Cayman, KY1-1105, Cayman Islands.
F - Capitol Corporate Services, Inc., 1675 South State St., Suite B, Dover, Delaware 19901.
G – N.13 Centre des affaires 'Business Center', Pino Maritimes - Mohammadia Algeria.
H - 2-8 Avenue Charles De Gaulle L-1653 Luxembourg.
I - Strawinksylaan 1727, 1077XX Amsterdam.
J - PO BOX 3204, Safat, 13033, Kuwait.