

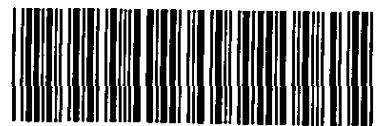
P.R. Singleton Limited

Directors' report and
financial statements

Year ended 31 December 2010

Registered number 1021095

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P.R. Singleton Limited

Directors' report and financial statements

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P.R. Singleton Limited

Directors and other information

Directors	M Graham P O'Quigley
Secretary	M Graham
Registered office	5 Jubilee Place London SW3 3TD UK
Solicitors	Norton Rose 3 More London Riverside London SE1 2AQ UK
Auditors	KPMG Chartered Accountants 1 Stokes Place St Stephen's Green Dublin 2 Ireland
Bankers	BNP Paribas 10 Harewood Avenue London NW1 6AA UK

P.R. Singleton Limited

Directors' report

The directors submit their report, together with the audited financial statements, for the year ended 31 December 2010

Principal activities and business review

P R Singleton Limited is a wholly owned subsidiary of Providence Resources Plc ("Providence"), a publicly quoted company incorporated in the Republic of Ireland. The principal activity of the company is oil and gas exploration and production in the UK. The directors anticipate that this activity will continue in the foreseeable future.

The principal risks and uncertainties facing the company include both general industry risk and foreign currency risk.

General industry risk

The company's business may be affected by general risks associated with all companies in the oil and gas industry. These risks (the list of which is not exhaustive) include general economic activity, the world oil and gas prices, the marketability of the hydrocarbons produced, action taken by other oil-producing nations and the extent of government regulation and taxation.

Currency risk management

The board reviews its annual currency requirements by reference to bank forecasts and prevailing exchange rates and management is authorised to achieve best available rates in respect of forecasted currency requirements.

The directors of the company, and of the group in which the company is a member, have policies in place to manage these risks.

Management use two key performance indicators to review the performance of the company as follows:

- Volume of oil sold (barrels)
- Revenue derived from the sale of oil

The number of barrels of oil sold decreased by 1.33% in the year to 185,151 (2009: 187,639). However, oil revenue increased to £6.9 million in 2010 from £5.8 million in 2009, an increase of 19% which was driven by higher commodity prices in 2010 (\$80.03 per barrel in 2010 in comparison to \$66.98 in 2009).

No significant environmental incidents occurred during the year.

Results and dividends

The profit and loss account for the year ended 31 December 2010 and the balance sheet at that date are set out on pages 10 and 11. The profit for the year amounted to Stg£1,061,000 (2009 profit: Stg£1,204,000).

The Directors do not propose the payment of a dividend (2009: Stg£Nil).

P.R. Singleton Limited

Directors' report *(continued)*

Directors' and Secretary's shareholdings and other interests

The directors and secretary had no beneficial interests in the share capital of the company. The interests in the parent company are as follows:

	At 31 December 2010		At 31 December 2009	
	Shares	Options	Shares	Options
M. Graham	5,250	135,269	5,250	95,269
P. O'Quigley	5,000	270,000	5,000	200,000

Shareholdings are shown after the effect of consolidation and subdivision in 2010.

There have been no contracts or arrangements during the financial year in which a director of the company was materially interested and which were significant in relation to the company's business.

Post balance sheet events

There have been no significant events since the balance sheet date which could have implications for these financial statements.

Political and charitable donations

No contributions were made to political organisations. Donations of £9,587 were made to local charities.


Disclosure of information to auditor

The directors who held office at the date of approval of the directors' report confirm that, so far as they each are aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information to establish that the company's auditor is aware of the information.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG, Chartered Accountants, will therefore continue in office.

By order of the board,


M. Graham
Director

28 June 2011

P.R. Singleton Limited

Statement of directors' responsibilities in respect of the directors' report and financial statements

The directors are responsible for preparing the Directors Report and 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 company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)


Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

By order of the board,


M. Graham
Director

28 June 2011

Independent auditor's report to the members of P.R. Singleton Limited

We have audited the financial statements of P R Singleton Limited for the year ended 31 December 2010 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom accounting standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out page 4, the directors are responsible for preparing the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion, the financial statements,

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Independent auditors' report to the members of P.R. Singleton Limited *(continued)*

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

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

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



*David Meagher (Senior Statutory Auditor)
For and on behalf of KPMG, Statutory Auditor
Chartered Accountants
Registered Auditor
Dublin*

29/06/ 2011

P.R. Singleton Limited

Statement of accounting policies

for year ended 31 December 2010

The following accounting policies have been applied consistently in dealing with items which are considered material to the company's financial statements

Basis of preparation

The financial statements have been prepared in accordance with UK generally accepted accounting practice under the historical cost convention, and comply with financial reporting standards of the Accounting Standards Board

Turnover

Turnover is derived from the company's share of oil and gas revenues from producing properties during the year. Revenues from the sale of oil and gas are recognised when the product passes out of the ownership of the company to external customers pursuant to enforceable sales contracts

Taxation

Corporation tax is provided on taxable profits at current rates

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Oil and Gas Interests

The Company accounts for oil and gas expenditure under the 'full cost' method of accounting

(i) Exploration, appraisal and development expenditure

Exploration, appraisal and development expenditure is incurred either through consortium operations or directly on acquiring, exploring or testing exploration prospects. All lease, licence and property acquisition costs, geological and geophysical costs and other direct costs of exploration, appraisal and development are capitalised. The amount capitalised includes other operating expenses directly related to these activities, interest expense and foreign exchange differences incurred on loans prior to the commencement of production

P.R. Singleton Limited

Statement of accounting policies *(continued)* *for year ended 31 December 2010*

Oil and Gas Interests *(continued)*

(ii) Cost Pools

Costs are capitalised within separate geographic cost pools, which comprise the United Kingdom in a single pool

Costs relating to the exploration and appraisal of oil and gas interests which the Directors consider to be unevaluated are initially held outside the cost pools. Costs held outside cost pools are reassessed at each year end. When a decision to develop these interests has been taken, or there is evidence of impairment, the related costs are transferred to the relevant cost pools

(iii) Depreciation

Expenditure within each cost pool is depreciated using the unit of production method based on commercial reserves. Costs used in the unit of production calculation comprise the net book value of capitalised costs plus the anticipated future costs of development of the undeveloped reserves at current year end unescalated prices. Changes in cost and reserve estimates are dealt with prospectively

(iv) Abandonment

Provision is made for their anticipated costs of future restoration. Management estimate the future costs associated with removal of production facilities, discounted to take account of risk and the time value of money. These costs have been determined with reference to current legal requirements and current technology. The present value of those future costs is recorded as a provision in the balance sheet

A corresponding abandonment asset is recorded in Oil and Gas Interests and is depreciated in accordance with the Company's depreciation policy set out at (iii) above

Annually, the unwinding of the discount factor is recorded as an expense in the profit and loss account and disclosed under 'Interest payable and similar charges'. Changes in estimates which result in a revision of the net present value of the provision are accounted for by adjusting the provision, with a corresponding entry to Oil and Gas Interests

(v) Impairment test

An impairment test is carried out at each balance sheet date to assess whether the net book value of capitalised costs in each pool, together with the future costs of development of undeveloped reserves, is covered by the discontinued future net revenues from the reserves within that pool, calculated at prices prevailing at the year end. Any deficiency arising is provided for to the extent that, in the opinion of the directors, it is considered to represent a permanent diminution in the value of the related asset, and, where arising, is dealt with in the profit and loss account as additional depreciation

P.R. Singleton Limited

Statement of accounting policies *(continued)* *for year ended 31 December 2010*

Stocks

Stocks comprise barrels of oil at the Singleton oil field and are stated at the lower of cost and net realisable value

Foreign currency

Transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates at the date of the transaction or, where appropriate, at the rates of exchange in related forward exchange contracts. Monetary assets and liabilities denominated in foreign currencies are translated using the rates of exchange prevailing at the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

Operating leases

Rentals under operating leases are charged on a straight line basis over the lease terms.

Cash flow statement


The Company is exempt from the requirements of Financial Reporting Standard No. 1 'Cash Flow Statements' to include a cash flow statement as part of its financial statements because its parent company, Providence Resources Plc, which is incorporated in the Republic of Ireland, has prepared consolidated accounts which include the results of the company for the year and which contain a cash flow statement.

P.R. Singleton Limited

Profit and loss account for year ended 31 December 2010

	Notes	2010 stg£'000	2009 stg£'000
Turnover – continuing operations	1	6,861	5,758
Cost of sales		(2,476)	(2,103)
		<hr/>	<hr/>
Gross profit		4,385	3,655
Administration expenses	2	(822)	(501)
		<hr/>	<hr/>
Operating profit – continuing operations	3,4	3,563	3,154
Interest payable and similar charges	5	(545)	(459)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		3,018	2,695
Tax charge on profit on ordinary activities	6	(1,957)	(1,491)
		<hr/>	<hr/>
Profit for the financial year	15	1,061	1,204
		<hr/>	<hr/>

There are no recognised gains or losses in the current or preceding financial periods other than those dealt with in the profit and loss account, and accordingly no statement of total recognised gains and losses is presented



M. Graham
Director

P.R. Singleton Limited

Balance sheet at 31 December 2010

	Notes	2010 Stg£'000	2009 Stg£'000
Fixed assets			
Oil and gas interests	7	18,330	13,244
Tangible assets	8	93	88
		<hr/>	<hr/>
		18,423	13,332
		<hr/>	<hr/>
Current assets			
Stocks	9	23	17
Debtors	10	23,647	16,211
Cash at bank and in hand		1,860	318
		<hr/>	<hr/>
		25,530	16,546
Creditors' amounts falling due within one year	11	(20,064)	(8,576)
		<hr/>	<hr/>
Net current assets		5,466	7,970
		<hr/>	<hr/>
Total assets less current liabilities		23,889	21,302
Creditors' amounts falling due after more than one year	12	(8,015)	(8,433)
Provision for liabilities	13	(8,747)	(6,803)
		<hr/>	<hr/>
Net assets		7,127	6,066
		<hr/>	<hr/>
Capital and Reserves			
Called up share capital	14	4,357	4,357
Profit and loss account	15	2,770	1,709
		<hr/>	<hr/>
Shareholders' funds	16	7,127	6,066
		<hr/>	<hr/>



M Graham
Director

P.R. Singleton Limited

Notes

forming part of the financial statements

1 Turnover

All the company's turnover in both the current and prior year was derived from sales of oil in the UK

Included in the turnover figure of £6,861,000 (2009 £5,758,000) is a debit of £634,000 (2009 £35,000) relating to the settlement of oil swaps and options during the year. The company has swaps and options in place to hedge against commodity price risk, and at 31 December 2010 the fair value of these instruments was negative (£3,293,000) (2009 positive £2,623,000)

2 Administration expenses

	2010 Stg£000	2009 Stg£000
Foreign exchange gain	(401)	(368)
Operating expenses	1,223	869
	<hr/>	<hr/>
	822	501
	<hr/>	<hr/>

3 Staff numbers and costs

During the year, the company employed an average of three staff members (2009 2)

The aggregate payroll costs for these persons were as follows	2010 Stg£000	2009 Stg£000
Wages and salaries	160	39
Social welfare costs	17	5
Pension costs	-	6
	<hr/>	<hr/>
	177	50
	<hr/>	<hr/>

4 Statutory and other information

	2010 Stg£000	2009 Stg£000
Auditor's remuneration	15	15
Directors' remuneration	-	-
Depreciation and depletion	942	515
Operating lease charges	89	48
	<hr/>	<hr/>

The audit fee is borne by the parent company

P.R. Singleton Limited

Notes (continued)

5 Interest payable and similar charges	2010	2009
	Stg£000	Stg£000
On bank loans and overdrafts	511	427
Unwinding of discount on decommissioning provision	34	32
	<u>545</u>	<u>459</u>
6 Tax on profit on ordinary activities	2010	2009
	Stg£000	Stg£000
Corporation tax charge	47	50
<i>Deferred tax</i>		
Origination and reversal of timing differences (note 13)	1,910	-
Adjustment in respect of prior periods	-	1,441
	<u>1,957</u>	<u>1,491</u>

The charge for the year is based on taxable operating profits in the year and takes account of deferred tax arising from timing differences between the treatment of certain items for taxation and accounting purposes

The following are the factors affecting the current year tax charge

	2010	2009
	Stg£000	Stg£000
Profit on ordinary activities before tax	3,018	2,695
	<u>1,509</u>	<u>1,348</u>
Profit for the financial year @ 50%	18	1,760
Expenses not deductible for tax purposes	(2,609)	(3,198)
Capital allowances in excess of depreciation	1,082	125
Other timing differences	-	(35)
Movement in respect of revaluation on assets becoming non qualifying	47	50
Underprovision in respect of prior year	<u>47</u>	<u>50</u>
Current tax charge	47	50

P.R. Singleton Limited

Notes (continued)

7 Oil and Gas Interests

Cost	Stg£000
Balance 1 January 2010	16,736
Development expenditure	5,971
	<hr/>
Balance at 31 December 2010	22,707
	<hr/>
Depreciation	
Balance 1 January 2010	3,492
Charge for the year	885
	<hr/>
Balance 31 December 2010	4,377
	<hr/>
Net Book Value	
At 31 December 2010	18,330
	<hr/>
At 31 December 2009	13,244
	<hr/>

Oil and gas interests held within the cost pool comprise the company's 79.125% interest in the Singleton onshore oilfield. The directors are satisfied that the net book value of the capitalised costs at year end, within the cost pool, is recoverable by reference to the projected future net revenues and that no provision for any impairment in their carrying values is necessary.

8 Tangible fixed assets

	Fixtures & fittings Stg£000	Total Stg£000
Cost		
Balance at 1 January 2010	146	146
Additions in year	62	62
	<hr/>	<hr/>
Balance at 31 December 2010	208	208
	<hr/>	<hr/>
Depreciation		
Balance 1 January 2010	58	58
Charge for year	57	57
	<hr/>	<hr/>
Balance at 31 December 2010	115	115
	<hr/>	<hr/>
Net book value		
At 31 December 2010	93	93
	<hr/>	<hr/>
At 31 December 2009	88	88
	<hr/>	<hr/>

P.R. Singleton Limited

Notes (continued)

9 Stock	2010 Stg£000	2009 Stg£000
Oil stock	<u>23</u>	<u>17</u>

10 Debtors	2010 Stg£000	2009 Stg£000
Trade debtors	592	535
Prepayments and accrued income	80	65
Other debtors	51	39
VAT receivable	309	103
Amounts due from group companies	<u>22,615</u>	<u>15,469</u>
	<u>23,647</u>	<u>16,211</u>

All of the above amounts fall due within one year

Amounts owed by fellow group companies have no fixed repayment terms and earn no interest

11 Creditors: amounts falling due within one year

	2010 Stg£000	2009 Stg£000
Trade creditors	1,665	662
Accruals and deferred income	1,229	994
Other creditors	126	72
Amounts owing to group companies	16,247	6,798
Bank borrowings (note 12)	797	-
Corporation tax payable	-	50
	<u>20,064</u>	<u>8,576</u>

Amounts owed to fellow group companies are unsecured, have no fixed repayment terms and bear no interest

P.R. Singleton Limited

Notes (continued)

12 Creditors: amounts falling due after one year

	2010 Stg£000	2009 Stg£000
Bank borrowings	8,015	8,433

Bank borrowings are repayable as follows

	2010 Stg£000	2009 Stg£000
Within one year	797	-
Between one and two years	5,047	-
Between two and five years	2,968	8,433
	8,812	8,433

Bank borrowings are secured on the Singleton producing asset, incur interest with reference to LIBOR plus a margin of 5%, and are repayable as outlined above

13 Provision for liabilities

	Abandonment provision Stg£000	Deferred taxation Stg£000	Total Stg£000
At 1 January 2010	457	6,346	6,803
Charge for year (note 6)	-	1,910	1,910
Unwinding of discount	34	-	34
At 31 December 2010	491	8,256	8,747

Deferred tax arises primarily on capital allowances in excess of depreciation

14 Called up share capital

	2010 Stg£000	2009 Stg£000
Authorised, allotted, called up and fully paid:		
87,144,893 ordinary shares of £0.05 each	4,357	4,357

P.R. Singleton Limited

Notes *(continued)*

15 Reconciliation of movement in profit and loss account reserves

	2010 Stg£000	2009 Stg£000
At 1 January	1,709	505
Profit for financial year	1,061	1,204
	<hr/>	<hr/>
At 31 December	2,770	1,709
	<hr/>	<hr/>

16 Reconciliation of movements in shareholders' funds

	2010 Stg£000	2009 Stg£000
At 1 January	6,066	4,862
Profit for financial year	1,061	1,204
	<hr/>	<hr/>
At 31 December	7,127	6,066
	<hr/>	<hr/>

17 Operating leases

Annual commitments exist under non-cancellable operating property leases expiring as follows

	Rental Stg£000	Total Stg£000
<i>Expiring as follows</i>		
Within one year	-	-
Between two and five years	-	-
After more than five years	89	89
	<hr/>	<hr/>
	89	89
	<hr/>	<hr/>

18 Ultimate parent undertaking

The company is a wholly owned subsidiary of P R UK Holdings Limited, a company incorporated in England and Wales. The ultimate parent company is Providence Resources Plc, a company registered and operating in Ireland. The smallest and largest group into which the results of the company are consolidated are these headed by Providence Resources Plc. The financial statements of Providence Resources Plc are available to the public at its registered address.

P.R. Singleton Limited

Notes *(continued)*

19 Related party transactions

As a consequence of the consolidated financial statements of the Company's parent being publicly available, the Company is exempt from the requirement of Financial Reporting Standard No 8 'Related Party Disclosures' to disclose transactions with other group undertakings

20 Approval of financial statements

The financial statements were approved by the Directors on 28 June 2011