ENI HYDROCARBONS VENEZUELA LIMITED

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: 01452037

ENI HYDROCARBONS VENEZUELA LIMITED

DIRECTORS AND REGISTERED OFFICE

BOARD OF DIRECTORS

P D Hemmens
R P Waterlow
S Celestino

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: 01452037

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

Principal activities

The company holds 40% of the license rights to a gas exploration field in Venezuela, there has been limited activity during the year in the company. The main creditor has now invoiced for all costs relating to previous years, this has resulted in a credit to the profit and loss for the year. This company is a private company.

Results and dividends

The company's statement of comprehensive income is set out on page 8. The company's profit for the year was $318,000 (2019 – profit of $97,000). No dividends were paid in 2020 (2019 – $nil).

Future company developments

The company carries out operating activities in relation to gas exploration in Venezuela, holding 40% of the licence rights. In 2016, the licensees successfully finalized the Phase 1 of the Minimum Exploration Work Program (MEWP) of the License. Licensees are still awaiting approval from the Ministry of Popular Power of Oil to receive the formal approval of Phase 1,and be able to initiate the activities of the Phase 2 of the MEWP, as established in the License.

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 up to 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.

Branches outside the UK

The company has a branch in Venezuela.

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:

Credit risk: The potential exposure of the company to loss in the event of non-performance by counterparty. 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.

Liquidity risk: The risk that suitable sources of funding for the company's business activities may not be available. The company through Eni S.p.A. 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. if required. The company believes it has access to sufficient funding to meet currently foreseeable borrowing requirements.

Cashflow risk: The company is not exposed to significant interest rate risks. The company is exposed to foreign exchange fluctuations relating to non-USD (mainly EUR) expenditures and receipts. Effective management of exchange rate risk is performed by Eni S.p.A. and its subsidiaries (Eni Group), within the central finance department which matches opposite positions of the group operating subsidiaries and hedges net positions using derivatives (such as currency swaps, forwards and options).

Financial risk management (continued)

Business risk management

Operation risk: The company's operations 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.

The directors do not consider there to be a material exposure to price risk.

Impact of coronavirus (COVID-19)

As the company has had limited activity since 2019, 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.
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 of Eni S.p.A. 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.

From a health and safety point of view, all staff working in the company's offices were asked to work from home to reduce the spread of the virus.

Eni continue 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 on the United Kingdom's exit from the European Union

Brexit has no significant impact on the company, as it has limited activity in the UK.

Post balance sheet events

There are no post balance sheet events to report.

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 Trezza resigned as a director on 30 October 2020.
- R Waterlow was appointed as a director on 8 December 2020.
- M Giusto resigned as a director on 6 August 2020.

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.

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

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, 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;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

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.

Provision of information to the 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 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 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

Small company exemptions

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies. The company has also taken the exemption from the requirement to present a strategic report.

By order of the Board

Riordan D'Abreo
Riordan D'Abreo (Apr 1, 2021 15:38 GMT+1)

R D'Abreo
Secretary
1 April 2021

Independent auditors' report to the members of Eni Hydrocarbons Venezuela Limited

Report on the audit of the financial statements

Opinion

In our opinion, Eni Hydrocarbons Venezuela Limited'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 profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); 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 and the Statement of Changes in Shareholders' Equity 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 Hydrocarbons Venezuela Limited (continued)

With respect to the 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.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the 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 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 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:

- enquiry of management and the company's in-house legal team, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud
- enquiry of staff in the company's tax function to identify any instances of non-compliance with laws and regulations
- reviewing minutes of meetings of those charged with governance
- auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, testing accounting estimates (because of the risk of management bias), and evaluating the business rationale of significant transactions outside the normal course of business

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,

Independent auditors' report to the members of Eni Hydrocarbons Venezuela Limited (continued)

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.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Kevin McGhee

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

ENI HYDROCARBONS VENEZUELA LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 $ '000	2019 $ ' 000
Administrative income/(expenses)	2	**257**	(1)
Operating profit/(loss)		**257**	(1)
Interest receivable and similar income	4	**61**	98
Profit before taxation		**318**	97
Tax on profit	5	**-**	-
Profit for the financial year		**318**	97
Other comprehensive income		**-**	-
Total comprehensive income for the year		**318**	97

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

ENI HYDROCARBONS VENEZUELA LIMITED

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

	Share Capital $'000	Capital Contribution Reserve $'000	Retained deficit $'000	Total Shareholders' Equity/(deficit) $'000
Balance at 1 January 2019	10,618	1,031	(15,751)	(4,102)
Capital contribution during the year	-	4,000	-	4,000
Total comprehensive income for the year	-	-	97	97
Balance at 31 December 2019	10,618	5,031	(15,654)	(5)
Total comprehensive income for the year	-	-	318	318
Balance at 31 December 2020	**10,618**	**5,031**	**(15,336)**	**313**

Please refer to note 9 for share capital and capital contribution reserve.

ENI HYDROCARBONS VENEZUELA LIMITED (Registered Number: 01452037)

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Notes	2020 $ '000	2019 $ '000
Assets			
Current assets			
Cash and cash equivalents	6	**4,009**	1
Trade and other receivables	7	**-**	4,000
		4,009	4,001
Total assets		**4,009**	4,001
Creditors: amounts falling due within one year			
Trade and other payables	8	**3,696**	4,006
Total liabilities		**3,696**	4,006
Shareholders' equity			
Share capital	9	**10,618**	10,618
Capital contribution reserve	9	**5,031**	5,031
Retained deficit		**(15,336)**	(15,654)
Total shareholders' equity/(deficit)		**313**	(5)
Total shareholders' equity and liabilities		**4,009**	4,001

The financial statements from page 8 to 17 were approved by the Board on 25 March 2021 and were signed by an authorised director on behalf of the Board, at a later date.

On behalf of the Board

P D Hemmens
Phil Hemmens (Apr 1, 2021 17:34 GMT+1)

P D Hemmens
Director
1 April 2021

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

General information

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

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 as applicable to companies using Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

The company has a net assets position of $313,000 as of 31 December 2020 (2019 – net liabilities $5,000). The directors are satisfied that the company has adequate internal resources and also has support from its parent company, Eni Investments Plc, which has also confirmed it will provide the necessary financial support to the company for the foreseeable future being not less than twelve months from the signing of these financial statements. As a consequence, the directors have a reasonable expectation that the company is well placed to manage its business risks and generate sufficient funds to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to:

(a) the requirements of IFRS 7 Financial Instruments: Disclosures;
(b) the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements:
(c) the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
    (i) paragraph 79(a)(iv) of IAS 1;
    (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment; and
    (iii) paragraph 118(e) of IAS 38 Intangible Assets.
(d) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135c-135e of IAS 36, Impairment of Assets;
(e) the requirements of IAS 7 Statement of Cash Flows;
(f) The requirements of paragraph 24(b) of IFRS 6 Exploration for and Evaluation of Mineral Resources to disclose the operating and investing cash flows arising from the exploration for and evaluation of mineral resources;
(g) the requirements of paragraph 91 – 99 of IFRS 13 Fair Value Measurement;
(h) the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
(i) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors in relation to standards not yet effective;
(j) the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures; and
(k) the requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Where required, equivalent disclosures are given in the group financial statements of Eni S.p.A. The group financial statements of Eni S.p.A are available to the public and can be obtained as set out in note 1.

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

Basis of preparation (continued)

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 are not expected to have a material impact 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

Interests in joint arrangements

IFRS 11 defines a joint arrangement as an arrangement over which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require unanimous consent of the parties sharing control.

IFRS 11 classifies joint arrangements into two types i.e. joint operations and joint ventures. A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The company participates in a joint operation which involve the joint control of assets used in the company's oil and gas exploration and producing activities. Interests in joint operations are recognised by including the company's share of assets, liabilities, income and expenses on a line-by-line basis. Liabilities and expenses incurred directly in respect of interests in joint operations are accounted for on an accrual basis. Income from the sale or use of the company's share of the output of jointly operations, and its share of joint operation expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the company and their amount can be measured reliably.

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.

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.

Cash and cash equivalents (continued)

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.

Foreign currencies

The company's functional and presentation currency is US Dollars. All financial information has been rounded to the nearest thousand ($'000), unless otherwise indicated. Transactions denominated in a foreign currency are converted to US$ 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 US Dollar to GBP sterling exchange rate applied as of 31 December 2020 was 0.7579 (2019: 0.7812).

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in 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 also 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 periodically 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 income 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 income 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 or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income 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 income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities.

Financial instruments

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

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

Use of accounting estimates, judgements and assumptions

The company's financial statements are prepared in accordance with FRS 101. 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. Due to the simple nature of the company's operations, in the opinion of the directors, there are no significant judgments made in applying the company's accounting policies and no accounting estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

1 Parent undertakings

The company's immediate parent undertaking is Eni Lasmo plc.

The company's ultimate parent undertaking, Eni S.p.A., a company incorporated in Italy with registered office at Piazzale Enrico Mattei, 1 00144 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 Administrative income/(expenses)

	2020 **$ '000**	2019 $ '000
Group undertakings income/(expenses)	**257**	(1)

Included in group undertakings are amounts relating to recharges credited/(charged) for Venezuelan activities.
The audit fee of the company is borne by a fellow group company, Eni Investments Plc. For the purpose of disclosure, a fair allocation of the audit fee to the company would be $593 (2019 – $593).

3 Directors and employee information

None of the directors received any emoluments in respect of their services to the company during the year (2019 – $nil) and the company had no employees (2019 – none).

4 Interest receivable and similar income

	2020 ***£'000***	*2019* *£'000*
Interest receivable and similar income from group undertakings	**9**	-
Foreign exchange gain	**52**	98
	61	98

5 Tax on profit

UK corporation tax	**2020** **$ '000**	2019 $ '000
Current tax @ 19% (2019 – 19%)	**-**	-
	-	-

The tax charge assessed for the period is lower (2019 - lower) than the standard rate of corporation tax in the UK – 19% (2019 – 19%). The differences are explained below:

	2020 **$ '000**	2019 $ '000
Profit before taxation	**318**	97
Tax on profit before tax @ 19% (2019 – 19%)	**60**	18
Pre trading costs	**(59)**	(18)
Group relief ((claimed)/surrendered for no consideration)	**(1)**	-
Total taxation	**-**	-

5 Tax on profit (continued)

Deferred tax

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	**2,739**	2,487
	2,739	2,487

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 $864,950.

6 Cash and cash equivalents

	2020 $'000	2019 $'000
Group undertakings		
Eni Finance International S.A.	**4,009**	1

Included in the balances above is $4,000,000 (2019: $nil) held as a short term deposit.

7 Trade and other receivables

	2020 $'000	*2019 $'000*
Trade receivables		
Amounts owed by parent undertakings	-	4,000
	-	4,000

In 2019, the sole shareholder agreed to capitalise the company in the amount of $4,000,000 by way of a capital contribution.

8 Trade and other payables

	2020 $'000	2019 $'000
Parent undertaking	**1,423**	28
Group undertakings	**2,273**	3,978
	3,696	4,006

Included in parent undertaking and group undertakings are amounts relating to recharges invoiced for Venezuelan activities.

9 Share capital

	2020 $ '000	2019 $ '000
11,000 (2019: 11,000) Ordinary Shares of £1 each	**18**	18
8,039,500 (2019: 8,039,500) Ordinary Shares of £1 each	**10,600**	10,600
	10,618	10,618

Under the Companies Act 2006, there is no requirement for the company to have an authorised share capital and the company's Articles of Association do not set a maximum amount of shares that the company may allot.

Capital contribution reserves of $5,031,000 (2019: $5,031,000) have accumulated since incorporation as a result of capital injections made by the parent company, Eni Lasmo plc.

10 Joint operations

Joint arrangement	Activity	Name of license	Place of operation	Interest held
Punta Pescador and Gulf of Paria West Joint Operating Agreement	Exploitation of non-associated natural gas deposits and exploration of new deposits within the delimited area, called Punta Pescador and Golfo de Paria Oeste	License for the Exploration and Exploitation of Non-Associated Gaseous Hydrocarbons in the Areas Called Punta Pescador and Golfo de Paria Oeste	Delta Amacuro State, Venezuela	40%