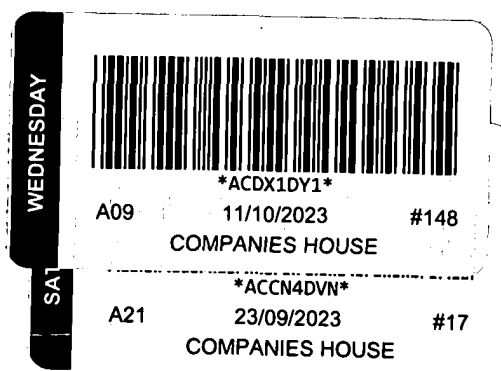


Chrysaor (U.K.) Zeta Limited

Registered Company No. 01775651

Report and Financial Statements

31 December 2022



Chrysaor (U.K.) Zeta Limited

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Chrysaor (U.K.) Zeta Limited

Corporate information

Directors

Alexander Krane
Howard Landes

Secretary

Harbour Energy Secretaries Limited

Independent auditors

Ernst & Young LLP
1 More London Place
London
SE1 2AF

Registered office

23 Lower Belgrave Street
London
United Kingdom
SW1W 0NR

Company No. 01775651

Chrysaor (U.K.) Zeta Limited

Strategic report

The directors present their strategic report for the year ended 31 December 2022.

Principal activities and review of the business

Chrysaor (U.K.) Zeta Limited (the Company) is part of the Harbour Energy group of companies (the Group). The Company's immediate parent company is Chrysaor Production (U.K.) Limited and its ultimate parent company is Harbour Energy plc.

The principal activity of the Company is that of a holding company that does not trade. The Company holds the Group's investment in Chrysaor (U.K.) Eta Limited. The Group's principal activities are the acquisition, exploration, development and production of oil and gas reserves on the UK and Norwegian Continental Shelves, Indonesia, Vietnam and Mexico. Further information can be found in Harbour Energy plc's Annual Report and Accounts for the year ended 31 December 2022 (the Group Report).

Financial performance and position

The Company's loss for the financial year was £225 (2021: £300).

At 31 December 2022 the Company had total equity of £273.9 million (2021: £273.9 million).

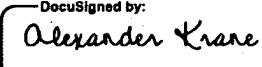
Key performance indicators (KPIs)

The Group's activities consist of one class of business being the acquisition, exploration, development and production of oil and gas reserves. The Company's KPIs are aligned with those of the Group. Further information about KPIs in the context of the Group business can be found in the Group Report.

Principal risks and uncertainties

The Company is subject to a range of risks and uncertainties which are identified and managed by the Group. Information about risks and uncertainties in the context of the Group business can be found in the strategic report within the Group Report.

On behalf of the Board

DocuSigned by:

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Alexander Krane (Director)
21 September 2023

Chrysaor (U.K.) Zeta Limited

Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2022.

Directors

The following served as directors of the Company during the year and up to the date of signing of the financial statements:

Alexander Krane
Howard Landes
Phil Kirk (resigned 28 February 2022)

Secretary

The following served as company secretary during the year and up to the date of signing of the financial statements:

Harbour Energy Secretaries Limited (appointed 10 October 2022)
Howard Landes (resigned 10 October 2022)

Results and dividends

The loss for the financial year amounted to £225 (2021: £300). The directors do not recommend the payment of a dividend (2021: £nil).

Financial instruments

The Company finances its activities with cash. Other financial assets and liabilities, such as trade debtors, trade creditors and intercompany balances, arise directly from the Company's operating activities.

Financial instruments can give rise to foreign currency, interest rate, credit, price and liquidity risk. Information on these risks is set out in the Group Report.

Future developments

It is expected the Company will remain as a holding company that does not trade.

Post balance sheet events

On 7 July 2023, the Company's share capital was reduced by cancelling all but one of the issued ordinary shares in the capital of the Company. The reduction was made using the solvency statement procedure under section 642 of the Companies Act 2006. An amount of £532.9 million was credited to the profit and loss account of the Company in respect of the reduction in share capital.

Directors' liabilities

The Company has made qualifying third-party indemnity provisions for the benefit of the directors which remain in force at the date of this report.

Going concern

The directors have adopted the going concern basis of accounting for the preparation of the financial statements as the Company's ultimate parent company, Harbour Energy plc, has undertaken to directly provide the necessary financial support to the Company, as and when required, to meet all liabilities for a period of 12 months from the date of signing these financial statements. In making their assessment of going concern, the directors have considered the letter of support from Harbour Energy plc and are confident that it has adequate resources to support the Company for 12 months from the date of signing these financial statements.

Chrysaor (U.K.) Zeta Limited

Directors' report (continued)

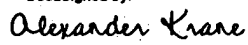
Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing its report, of which the auditors are unaware. Having made enquiries of fellow directors and the company's auditors, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

Independent auditors

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

On behalf of the Board

DocuSigned by:

CD20FBB5420F481...

Alexander Krane (Director)

21 September 2023

Company Registered No. 01775651

Chrysaor (U.K.) Zeta Limited

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable UK 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

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 net income 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 accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;
- state whether applicable United Kingdom Accounting Standards, including FRS 101, 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.

Independent auditor's report to the members of Chrysaor (U.K.) Zeta Limited

Opinion

We have audited the financial statements of Chrysaor (U.K.) Zeta Limited for the year ended 31 December 2022 which comprise the income statement, the balance sheet, the statement of changes in equity and the related notes 1 to 13, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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.

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 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Independent auditor's report to the members of Chrysaor (U.K.) Zeta Limited (continued)

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

Independent auditor's report to the members of Chrysaor (U.K.) Zeta Limited (continued)

Auditor's 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 auditor's 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (the Companies Act 2006 and FRS 101 "Reduced Disclosure Framework") and the relevant tax compliance regulations in the jurisdictions in which the company operates. In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements, including those relating to health and safety, employee matters, environmental, and bribery and corruption practices;
- We understood how the company is complying with those frameworks by making enquiries of management, legal counsel and the Company Secretary. We corroborated the results of our enquiries through our review of Board minutes and correspondence received from regulatory bodies and noted that there was no contradictory evidence;
- We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur by considering the degree of incentive, opportunity and rationalisation that may exist to perform fraud. Where fraud risks were identified, we applied journal entry selection criteria to identify journals that were considered unusual or indicative of potential fraud before tracing such transactions back to source information in order to test their validity and appropriateness.; and
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved testing of journal entries, with a focus on journals indicating large or unusual transactions or meeting our defined risk criteria based on our understanding of the business, enquiries of management and the directors and review of legal correspondence. For journals selected we understood the nature and purpose of the journal, traced adjustments back to source documentation and tested that the journal had been authorised in line with company policy. Based on the results of our audit procedures, there were no significant instances of non-compliance with laws and regulations identified.

Independent auditor's report to the members of Chrysaor (U.K.) Zeta Limited (continued)

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.

DocuSigned by:
Ernst & Young LLP
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Andrew Smyth (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London, United Kingdom
21 September 2023

Chrysaor (U.K.) Zeta Limited

Income statement

For the year ended 31 December

		2022	2021
	Note	£000	£000
General and administrative costs		-	-
Operating loss	3	-	-
Tax credit	5	-	-
Loss for the financial year		-	-

No other comprehensive income or expense arose during the year ended 31 December 2022 (2021: £nil).

The notes on pages 14 to 22 form part of these financial statements.

Chrysaor (U.K.) Zeta Limited

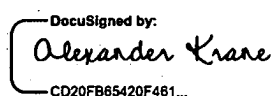
Balance sheet

As at 31 December 2022

		2022	2021
	Note	£000	£000
Non-current assets			
Investments	6	272,269	272,269
Total non-current assets		<u>272,269</u>	<u>272,269</u>
Current assets			
Debtors: amounts falling due within one year	7	1,638	1,638
Cash and cash equivalents	8	-	-
Total current assets		<u>1,638</u>	<u>1,638</u>
Net assets		<u>273,907</u>	<u>273,907</u>
Capital and reserves			
Called up share capital	9	532,857	532,857
Accumulated losses		(258,950)	(258,950)
Total equity		<u>273,907</u>	<u>273,907</u>

The notes on pages 14 to 22 form part of these financial statements.

The financial statements on pages 11 to 22 were approved by the Board of Directors on 21 September 2023 and signed on its behalf by:

DocuSigned by:

 CD20FB65420F461...

Alexander Krane (Director)

21 September 2023

Company No. 01775651

Chrysaor (U.K.) Zeta Limited

Statement of changes in equity

For the year ended 31 December

	<i>Called up share capital</i>	<i>Accumulated losses</i>	<i>Total equity</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 1 January 2021	532,857	(258,950)	273,907
Loss for the financial year	-	-	-
At 31 December 2021	532,857	(258,950)	273,907
Loss for the financial year	-	-	-
At 31 December 2022	532,857	(258,950)	273,907

Chrysaor (U.K.) Zeta Limited

Notes to the financial statements

For the year ended 31 December 2022

1. Authorisation of financial statements

The financial statements of the Company for the year ended 31 December 2022 were authorised for issue by the board of directors on 21 September 2023 and the balance sheet was signed on the board's behalf by Alexander Krane.

The Company is a private company limited by share capital, incorporated and domiciled in the United Kingdom. The Company's principal place of business is London, United Kingdom and its registered office is 23 Lower Belgrave Street, London, SW1W 0NR.

The principal accounting policies adopted by the Company are set out in note 2.

2. Accounting policies

Basis of preparation

The financial statements are prepared on the historical cost basis, except for certain financial assets and liabilities which have been measured at fair value, and are in accordance with The Companies Act 2006, as applicable to companies using Financial Reporting Standard 101 "Reduced Disclosure Framework" (FRS 101). The financial statements are presented in pounds Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise stated.

The Company has taken advantage of the disclosure exemption from preparing consolidated financial statements, under Section 400 of the Companies Act 2006. The financial statements present information about the Company as an individual entity and not about its group.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2022 under FRS 101. All accounting policies have been applied consistently, other than where new policies have been adopted.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- a) the requirements of IFRS 7 *Financial Instruments: Disclosures*,
- b) the requirements of paragraphs 91-99 of IFRS 13 *Fair Value Measurement*
- 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 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 *Presentation of Financial Statements*;
- e) the requirements of IAS 7 *Statement of Cash Flows*;
- f) the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*;
- g) the requirements of paragraph 17 and 18A of IAS 24 *Related Party Disclosures*; the requirements in 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 party to the transaction is wholly owned by such a member; and
- h) the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 *Impairment of Assets*.

Notes to the financial statements

For the year ended 31 December 2022 (continued)

Going concern

The directors have adopted the going concern basis of accounting for the preparation of the financial statements as the Company's ultimate parent company, Harbour Energy plc, has undertaken to directly provide the necessary financial support to the Company, as and when required, to meet all liabilities for a period of 12 months from the date of signing these financial statements. In making their assessment of going concern, the directors have considered the letter of support from Harbour Energy plc and are confident that it has adequate resources to support the Company for 12 months from the date of signing these financial statements.

Foreign currency translation

The Company's functional currency and presentation currency is pounds Sterling.

Transactions in foreign currencies are initially recorded in the Company's functional currency by applying an average rate of exchange. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are recognised through the income statement. Non-monetary assets and liabilities denominated in foreign currencies are measured at historic cost based on exchange rates at the date of the transaction and subsequently not retranslated.

Investments

Investments in subsidiaries are held at cost less accumulated impairment losses.

The Company assesses, at each reporting date, whether there is an indication that an investment may be impaired. Where an indicator of impairment exists, the Company estimates the recoverable amount of the underlying net assets of the relevant subsidiary, being the higher of the fair value less costs of disposal and value in use. If the recoverable amount is less than the carrying amount of the investment, the carrying amount is reduced to its recoverable amount. The difference between the carrying amount and the recoverable amount is recognised as an impairment loss in the income statement.

Financial instruments

a. Financial assets

The Company uses two criteria to determine the classification of financial assets: the Company's business model and contractual cash flow characteristics of the financial assets. Where appropriate the Company identifies three categories of financial assets: amortised cost, fair value through profit or loss (FVTPL), and fair value through other comprehensive income (FVOCI).

Financial assets held at amortised cost

Financial assets held at amortised cost are initially measured at fair value except for trade debtors which are initially measured at cost. Both are subsequently carried at amortised cost using the effective interest rate (EIR) method, less impairment. The EIR amortisation is presented within finance income in the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

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.

Chrysaor (U.K.) Zeta Limited

Notes to the financial statements

For the year ended 31 December 2022 (continued)

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).

Default events could include:

- payment default, i.e. the failure to pay principal or interest when it falls due for payment;
- prospective default, when payment is not yet due but it is clear that it will not be capable of being paid when it does fall due.
- Covenant default, when the borrower fails to keep a promise (a covenant) that it has made in the contract.

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. Provision rates are calculated based on estimates including the probability of default by assessing counterparty credit ratings, as adjusted for forward-looking factors specific to the debtors and the economic environment and the Company's historical credit loss experience.

Credit impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer
- a breach of contract such as default or past due event
- the restructuring of a loan or advance by the Company on terms that the Company would otherwise not consider
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation, or
- the disappearance of an active market for a security because of financial difficulties

b. Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Borrowings and loans

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the year in which they arise.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

Chrysaor (U.K.) Zeta Limited

Notes to the financial statements

For the year ended 31 December 2022 (continued)

c. Fair values

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is determined by reference to quoted market prices adjusted for estimated transaction costs that would be incurred in an actual transaction, or by the use of established estimation techniques such as option pricing models and estimated discounted values of cash flows.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques.

Equity

Share capital

Share capital includes the total net proceeds, both nominal and share premium, on the issue of ordinary and preference shares of the Company.

Taxes

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax related to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or directly in equity, not in the income statement.

New accounting standards and interpretations

The Company has assessed the requirements of new accounting standards and other amendments and interpretations which apply for the first time in 2022, none of which have significantly impacted upon the financial statements of the Company.

Accounting standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IAS 1, 'Presentation of financial statements' - classification of liabilities as current or non-current

On 23 January 2020, the IASB issued a narrow-scope amendment to IAS 1 to clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are classified as non-current if the entity has a substantive right to defer settlement for at least 12 months at the end of the reporting period. The Company will consider if its liabilities are either current or non-current when the standard is effective from 1 January 2023.

Amendments to IAS 8 - Definition of Accounting Estimates

In February 2021, the International Accounting Standards Board issued Definition of Accounting Estimates, which amended IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The amendments introduced the definition of accounting estimates and included other amendments to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies, with the distinction important because changes in accounting estimates

Notes to the financial statements

For the year ended 31 December 2022 (continued)

are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events. The amendments are effective for annual periods beginning on or after 1 January 2023.

Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies

In February 2021, the International Accounting Standards Board issued amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements. The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments are effective for annual periods beginning on or after 1 January 2023.

Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

On 7 May 2021, the IASB issued amendments to IAS 12, Income Taxes. The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. According to the amended guidance, a temporary difference that arises on initial recognition of an asset or liability is not subject to the initial recognition exemption if that transaction gave rise to equal amounts of taxable and deductible temporary differences. The proposed amendments will typically apply to transactions such as leases for the lessee and decommissioning obligations. The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

The amendments listed above are not expected to have a material impact on the Company.

Critical accounting judgements and estimates

The preparation of the Company's financial statements in conformity with FRS 101 requires management to make judgements, estimates and assumptions at the date of the financial statements. Estimates and assumptions are continuously evaluated and are based on management experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

In particular the Company has identified the following areas where significant judgement, estimates and assumptions are required.

Critical accounting judgements

- the application of the going concern basis of accounting (see 'Going concern' section above);
- carrying value of oil and gas investments assessing assets for indicators of impairment.

Key sources of estimation uncertainty

- *Recoverability of oil and gas investments*

The Company assesses, at each reporting date, whether there is an indication that an investment in a subsidiary may be impaired. Where an indicator of impairment exists, an estimate of the recoverable amount of the underlying net assets of the relevant subsidiary is made and compared to the carrying amount of the investment. This assessment requires the use of estimates and assumptions. The key sources of estimation uncertainty are long-term oil prices (considering current and historical prices, price trends and related factors), discount rates, operating costs, future capital requirements, decommissioning costs, exploration potential, reserves, operating performance and tax exposures.

Chrysaor (U.K.) Zeta Limited

Notes to the financial statements

For the year ended 31 December 2022 (continued)

3. Operating loss

This is stated after charging:

	2022	2021
	£000	£000
Auditors' remuneration: audit of the financial statements	-	-

For the year ended 31 December 2022, the auditors' remuneration of £20,000 (2021: £17,000) was borne by another group company and was not recharged to the Company.

Any fees paid to the Company's auditors for services other than the statutory audit of the Company are disclosed on a consolidated basis in the group financial statements of the Company's ultimate parent, Harbour Energy plc.

4. Staff costs and directors' remuneration

The Company had no employees during the year (2021: nil). All contracts of employment are held with other group companies.

The directors received no remuneration for their services to the Company in the current or preceding year. All directors' contracts of employment are held with other group companies. The Company's directors believe that it is not practicable to apportion their remuneration between qualifying services for the Company and other group companies in which they hold office.

5. Tax expense

(a) Tax expense in the income statement

The major components of income tax expense for the years ended 31 December 2022 and 2021 are:

	2022	2021
	£000	£000
Current income tax:		
UK corporation tax	-	-
Amounts (under)/over provided in previous year	-	-
Total current income tax	-	-
Tax expense in the income statement	-	-

Chrysaor (U.K.) Zeta Limited

Notes to the financial statements

For the year ended 31 December 2022 (continued)

Tax expense (continued)

(b) Reconciliation of the total tax expense

Reconciliation between tax expense and the loss before taxation multiplied by the standard rate of UK corporation tax is as follows:

	2022 £000	2021 £000
Loss before taxation	-	-
Tax calculated at UK standard rate of corporation tax of 19% (2021: 19%)	-	-
<i>Effects of:</i>		
Adjustments recognised for group relief of prior periods	-	-
<i>Tax expense reported in the income statement</i>	-	-

Changes in tax rate

Legislation was introduced in UK Finance Act 2021 to increase the main rate of UK corporation tax for non-ring fence profits from 19 per cent to 25 per cent from 1 April 2023. This change will not have a material impact on the Company.

6. Investments

	Equity £000
<i>Cost and net book value:</i>	
At 1 January 2022 and 31 December 2022	<u>272,269</u>

At 31 December 2022, the subsidiary undertaking of the Company which was wholly owned was:

<i>Name of Company</i>	<i>Country of incorporation</i>	<i>Holding</i>	<i>Proportion of voting rights and shares held</i>	<i>Main activity</i>
Chrysaor (U.K.) Eta Limited	UK	100%	100%	Non-trading company

Chrysaor (U.K.) Eta Limited is incorporated and domiciled in the United Kingdom. The registered office address of Chrysaor (U.K.) Eta Limited is 23 Lower Belgrave Street, London, United Kingdom, SW1W 0NR.

Chrysaor (U.K.) Zeta Limited

Notes to the financial statements

For the year ended 31 December 2022 (continued)

7. Debtors: amounts falling due within one year

	2022 £000	2021 £000
Amounts owed by group undertakings	1,638	1,638
	<u>1,638</u>	<u>1,638</u>

All amounts owed by group undertakings are unsecured, interest free and are repayable on demand. As at 31 December 2022, no ECLs have been recognised relating to amounts owed by group undertakings (2021: £nil).

8. Cash and cash equivalents

	2022 £000	2021 £000
Cash at bank and in hand	-	-
	<u>-</u>	<u>-</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates. The Company only deposits cash with major banks of high-quality credit standing.

9. Called up share capital

	2022 No.	2021 No.	2022 £000	2021 £000
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	6,565,207	6,565,207	6,565	6,565
Redeemable ordinary shares of £1 each	526,292,078	526,292,078	526,292	526,292
			<u>532,857</u>	<u>532,857</u>

There was no issuance of ordinary or preference shares in 2022 or 2021.

The redeemable ordinary shares were issued on 1 April 1998, have full voting rights ranking pari passu with the ordinary shares and are redeemable at par at the option of the Company. In a winding up the holders of the ordinary shares and the redeemable ordinary shares shall be treated as one class but so that the amounts attributable to the holders of the redeemable shares shall not exceed the capital paid up on them together with a sum equal to any unpaid dividend declared on these shares and any excess shall be attributable exclusively to the holders of the ordinary shares.

10. Capital commitments

As at 31 December 2022 the Company had no commitments and contingencies (2021: £nil).

Chrysaor (U.K.) Zeta Limited

Notes to the financial statements

For the year ended 31 December 2022 (continued)

11. Post balance sheet events

On 7 July 2023, the Company's share capital was reduced by cancelling all but one of the issued ordinary shares in the capital of the Company. The reduction was made using the solvency statement procedure under section 642 of the Companies Act 2006. An amount of £532.9 million was credited to the profit and loss account of the Company in respect of the reduction in share capital.

12. Related party disclosure

In accordance with FRS101.8 (k), the Company is exempt from the requirement to disclose group related party transactions since the Company is 100% controlled within the Group and the group financial statements of the Company's ultimate parent undertaking, Harbour Energy plc, are publicly available from Companies House.

13. Ultimate parent undertaking and controlling party

The Company's immediate parent company is Chrysaor Production (U.K.) Limited. The Company's ultimate and controlling parent is Harbour Energy plc, a company incorporated in Great Britain and registered in Scotland.

Harbour Energy plc is the parent undertaking of the largest and the smallest group of undertakings for which group financial statements are prepared and of which the Company is a member. Copies of these financial statements are available upon request from Harbour Energy plc, 23 Lower Belgrave Street, London, SW1W 0NR.