ENI INDIA LIMITED

ANNUAL REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2021

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

Registered Number: 02735371

ENI INDIA LIMITED

DIRECTORS AND REGISTERED OFFICE

BOARD OF DIRECTORS

F Pagano
P D Hemmens
A Maliardi

SECRETARY AND REGISTERED OFFICE

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

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH
United Kingdom

REGISTERED IN ENGLAND NO: 2735371

The directors present their report and the audited financial statements of Eni India Limited (the "company") for the year ended 31 December 2021.

Principal activity

The company was engaged in exploration in India, where it operated through a branch.

On 15 June 2018, the company relinquished block AN-DWN-2003/2 (40% and operator). The onshore block RJ-ONN-2003/1 (34% and operator) was relinquished in 2015. All assets have been written down to nil.

In June 2019, the company closed its office in New Delhi and since then the head office has been managing branch transactions and activities. In June 2021, the company received the award from an arbitral tribunal in the legal dispute with a third party resulting in the need to increase the legal provision by $9.7 million at 31 December 2020, mainly as a result of an increased interest rate on the outstanding amount due. The company appealed against the award in December 2021 and is awaiting final decision from the relevant authorities.

Results and dividends

The company's statement of comprehensive income is set out on page 7. The company's loss for the year was $1,604,000 (2020: loss of $9,464,000). No dividend was paid during the year (2020 - $nil).

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:

- G L Ferrara resigned as a director on 24 March 2022
- F. Pagano was appointed as a director on 24 March 2022
- L Brambilla resigned as a director on 27 April 2022
- A Maliardi was appointed as a director on 27 April 2022

Certain directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Post balance sheet events

The military action between Russia and Ukraine that developed following the year end, alongside the imposition of international sanctions, have a pervasive economic impact not only on businesses in Russia and Ukraine, but also globally where businesses engage in economic activities that might be affected by the recent developments. The company has no assets, operations or activities in Russia and Ukraine nor is it party to any contracts or transactions involving Russian registered counterparties. Accordingly, the company will not be directly affected by any internationally imposed sanctions covering such assets, operations, activities, contracts or transactions.

There are no other balance sheet events affecting the company.

Going concern

The company is in a net liability position amounting to $28,643,000 (2020: $27,039,000) and cash balance of $1,791,000 (2020: $3,603,000). The directors are satisfied that the company has adequate financial resources, including access to Eni group financial resources, if required, to continue to operate for the foreseeable future and meet its obligations as they fall due. The company has obtained confirmation from its intermediate parent company Eni Investment Plc in the U.K., that it will provide adequate financial support to enable the company to meet its obligations for a period of at least one year from the date of approval of these financial statements. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

Statement of directors' responsibilities in respect of the 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 UK-adopted international accounting standards.

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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards 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 exemption

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, in accordance with S414B of the Companies Act 2006.

By order of the Board

Riordan D'Abreo

Riordan D'Abreo (Apr 28, 2022 12:20 GMT+1)

R D'Abreo
Secretary

28 April 2022

Independent auditors' report to the members of Eni India Limited

Report on the audit of the financial statements

Opinion

In our opinion, Eni India Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; 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 2021; the statement of comprehensive income, the statement of changes in shareholders' equity, and the cash flow statement for the year then ended; the statement of accounting policies; and the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

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

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material

Independent auditors' report to the members of Eni India Limited

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.

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 2021 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 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 compliance with the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. 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 by the engagement team 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;
- obtaining letters from the company's external legal advisor to confirm the nature and magnitude of suspected provisions and contingent liabilities relating to legal disputes involving the company;

- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- reviewing minutes of meetings of those charged with governance; and
- auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness and testing accounting estimates to address the risk of management bias.

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

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: prepare financial statements in accordance with the small companies regime; 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.

David R Morrice

David R Morrice (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Aberdeen
28 April 2022

ENI INDIA LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	**2021 $'000**	2020 $'000
Gain on disposal of inventory	*2*	**107**	-
Other service costs and expenses	*2*	**(1,693)**	(10,059)
Operating loss	*3*	**(1,586)**	(10,059)
Interest payable and similar expenses	*6*	**(24)**	(8)
Interest receivable and similar income	*7*	**6**	44
Loss before taxation		**(1,604)**	(10,023)
Income tax expense	*8*	**-**	559
Loss for the year		**(1,604)**	(9,464)
Other comprehensive loss		**-**	-
Total comprehensive loss for the year		**(1,604)**	(9,464)

Total comprehensive loss for the year is attributable to the equity holders.

ENI INDIA LIMITED

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Share Capital	Capital Contribution Reserve	Accumulated Losses	Total Shareholders' Equity
		$'000	$'000	$'000	$'000
Balance at 1 January 2020		86,420	89,502	(193,497)	(17,575)
Loss and total comprehensive loss for the year		-	-	(9,464)	(9,464)
Balance at 31 December 2020		**86,420**	**89,502**	**(202,961)**	**(27,039)**
Loss and total comprehensive loss for the year		-	-	**(1,604)**	**(1,604)**
Balance at 31 December 2021		**86,420**	**89,502**	**(204,565)**	**(28,643)**

ENI INDIA LIMITED (Registered number: 2735371)

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 $'000	2020 $'000
Assets			
Current assets			
Cash and cash equivalents	*11*	**1,791**	3,603
Trade and other receivables	*10*	**1,608**	6
Inventories	*9*	**-**	432
		3,399	4,041
Total assets		**3,399**	4,041
Liabilities			
Current liabilities			
Trade and other payables	*12*	**230**	321
Current tax liabilities	*8*	**-**	349
		230	670
Non-current liabilities			
Provisions	*14*	**31,812**	30,410
Total liabilities		**32,042**	31,080
Shareholders' equity			
Share capital	*13*	**86,420**	86,420
Capital contribution reserve	*13*	**89,502**	89,502
Accumulated losses		**(204,565)**	(202,961)
Total shareholders' equity		**(28,643)**	(27,039)
Total liabilities and shareholders' equity		**3,399**	4,041

The financial statements from page 7 to 20 were approved by the Board on 23 March 2022 and were signed by an authorised director on behalf of the Board, at a later date.

On behalf of the Board

Francesco Pagano
Francesco Pagano (Apr 28, 2022 13:07 GMT+1)

F Pagano
Director

28 April 2022

ENI INDIA LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 $'000	2020 $'000
Cash flow from operating activities			
Loss for the year		**(1,604)**	(9,464)
Adjustments for:			
Gain on disposal of inventory, net of provision	2	**(107)**	-
Movement in inventory provision	9	**-**	(424)
Movement in provision for impairment of receivable	10	**80**	75
Movement in provisions	14	**1,402**	9,770
Interest income	7	**(6)**	(44)
Interest expense	6	**24**	8
Tax expense/ (credit)	8	**-**	(559)
		(211)	(638)
Changes in working capital:			
Decrease in inventory	9	**432**	-
Decrease/ (increase) in trade and other receivables	10	**(1,575)**	136
Decrease in trade and other payables	12	**(461)**	(1,710)
Net cash used in operations		**(1,815)**	(2,212)
Cash flows generated from operating activities			
Interest received		**3**	29
Interest paid		**-**	(7)
Net cash used in operating activities		**(1,812)**	(2,190)
Net (decrease)/increase in cash and cash equivalents		**(1,812)**	(2,190)
Cash and cash equivalents at 1 January	11	**3,603**	5,793
Cash and cash equivalents at 31 December	11	**1,791**	3,603

STATEMENT OF ACCOUNTING POLICIES

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 and domiciled in England, United Kingdom. The company has a registered office as disclosed on page 1.

Basis of preparation

On 31 December 2020, IFRS as adopted by the European Union at that date was brought in UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. Eni India Limited transitioned to UK-adopted International Accounting Standards in its company financial statements on 1 January 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework.

The financial statements of Eni India Limited have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

Going concern

The company is in a net liability position amounting to $28,674,000 (2020: $27,039,000) and cash balance of $1,798,000 (2020: $3,603,000). The directors are satisfied that the company has adequate financial resources, including access to Eni group financial resources, if required, to continue to operate for the foreseeable future and meet its obligations as they fall due. The company has obtained confirmation from its intermediate parent company in the U.K., that it will provide adequate financial support to enable the company to meet its obligations for a period of at least one year from the date of approval of these financial statements. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

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

New and amended standards adopted

The company has applied the following standards and amendments for the first time for the annual reporting commencing on 1 January 2021:

- Interest Rate Benchmark Reform – Phase 2 – amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

The amendments listed above did not have any impact on the amounts recognised in prior periods and do not have a material impact on the entity in the current and future periods and on foreseeable future transactions.

Following the financial crisis, the reform and replacement of benchmark interest rates such as GBP LIBOR and other interbank offered rates ('IBORs') has become a priority for global regulators. The replacement rate of SONIA will be utilised going forward on GBP balances. Transition from LIBOR to alternative loan/deposit interest rate reference benchmark does not have a material impact on the activities of the entity. No complex financial instruments are held which would be impacted by this transition.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 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 several joint operations 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.

Inventories

Inventories consist of drilling materials and represent the company's share of inventories belonging to the consortia of which it is a member. Inventories are measured at the lower of cost and net realisable value. Cost is determined by the weighted average method and comprises direct purchase costs and transportation expenses. Spare parts and servicing equipment are depreciated when installed.

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 substantively 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.

Foreign currencies

The company's functional and presentation currency is US Dollars. All financial information has been rounded to the nearest thousand ($'000), unless otherwise indicated. Transactions denominated in a foreign currency are converted to US Dollars at rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies have been translated at the rates ruling at the balance sheet date. The resulting exchange gains or losses are recognized in the statement of comprehensive income. The Sterling to US Dollar exchange rate as of 31 December 2021 was 0.7417 (2020: 0.7319).

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 amount of cash and subject to an insignificant risk of changes in value.

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

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

Financial instruments

Financial liabilities
Financial liabilities at amortised cost are initially measured at fair value and subsequently measured at amortised cost. Financial liabilities at amortised cost are classified in the balance sheet as trade and other payables.

Financial assets
The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the company's business model for managing them. Trade receivables that do not contain a significant financing component or for which the company has applied the practical expedient are measured at the transaction price determined under IFRS 15 "Revenue from contracts with customers".

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

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

1 BESA is a Belgian regulated bank subject to the banking regulatory requirements.
2 Although Eni SpA is not a financial institution, it performs its financial activities within specific Board approved limits.
3 EFI is the company responsible for the centralised funding of some foreign Eni Group companies and for collecting their financial surpluses.

Financial instruments (continued)

Impairment of financial assets
The company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

For trade receivables and contract assets, the company applies a simplified approach in calculating ECLs. Therefore, the company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Provisions

Provisions are recognised when: (i) there is a current obligation (legal or constructive), as a result of a past event; (ii) it is probable that the settlement of that obligation will result in an outflow of resources embodying economic benefits; and (iii) the amount of the obligation can be reliably estimated.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date or to transfer it to third parties at that time.

Use of accounting estimates, judgments and assumptions

The company's financial statements are prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. 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 judgments, past experience and other assumptions deemed reasonable in consideration of the information available at the time. Although the company uses its best estimates and judgments, actual results could differ from the estimates and assumptions used.

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, a company incorporated in England, United Kingdom.

The company's ultimate parent undertaking is Eni S.p.A., a company incorporated in Italy with registered office at Piazzale Enrico Mattei, 1 00144 Rome. The company's financial statements are not consolidated by any company.

2. Other service costs and expenses

	2021 **$'000**	2020 $'000
Operating costs		
Third parties	**1,426**	9,828
General and administration costs		
Third parties	**6**	21
Eni UK Limited	**261**	210
	1,693	10,059

3. Operating loss

Operating loss is stated after charging the following amounts:

	2021 **$'000**	2020 $'000
Gain on disposal of inventory	**107**	-
Provision charge (note 13)	**1,402**	9,770

In 2021 and 2020 the audit fees for the head office were borne by Eni Investments Plc. For the purpose of disclosure, a fair allocation of the audit fee for the head office would be $2,728 (2020: $2,728). In 2021 the project office in India had audit fees of $5,475 (2020: $5,063). Non-audit fee amounted to $nil (2020: $nil).

In 2021, the company sold all of its inventory to Eni Angola S.p.A. The company recognised a gain on disposal of $107,000 (2020: $nil).

4. Directors' remuneration

None of directors received any emoluments in respect of their services to the company during the year (2020: $nil). The directors' stock options are reported in the financial statements of Eni S.p.A. The directors do not believe that any other employees in 2021 meet the definition of key management personnel under IAS 24 Related party disclosures. There were no employees during 2021.

5. Interest payable and similar expenses

	2021 $'000	2020 $'000
Amounts owed to group undertakings:		
Eni ULX Limited	-	7
Foreign exchange loss	24	1
	24	8

Amounts owed to group undertakings include interest on tax payable to group companies and bank charges.

6. Interest receivable and similar income

	2021 $'000	2020 $'000
Amounts owed by group undertakings:		
Eni Finance International S.A.	2	29
Foreign exchange gain	4	15
	6	44

Interest receivables and similar income include interest on deposits held with Eni Finance International S.A.

7. Taxation

	2021 $'000	2020 $'000
Foreign tax	-	
- Current year	-	-
- Adjustment to foreign tax in respect of previous period	-	(559)
Total foreign tax	-	(559)
Total taxes	-	(559)

Factors affecting tax charge for the year

The tax assessed for the year is higher (2020: lower) than the standard rate of corporation tax applicable to companies in the UK of 19% (2020: 19%). The differences are explained below:

	2021 $'000	2020 $'000
Loss before taxation	(1,604)	(10,023)
Taxation on loss before taxation at 19% (2020–19%)	(305)	(1,904)
Income not taxable	-	(83)
Expenditure not allowable for tax	72	-
Group relief claimed	-	(7)
Unrecognised tax losses carried forward	233	1,994
Adjustment to foreign tax in respect of previous period	-	(559)
Total taxation	-	(559)

8. Deferred tax

The deferred corporation tax asset calculated at the rate of 25% (2020: 19%) which was not recognised in the financial statements amounted to:

	2021 Unprovided amount $'000	2020 Unprovided amount $'000
Pre-trading expenses carried forward	**8,541**	8,324

The directors consider it unlikely that there will be suitable taxable profits from which the future reversal of the underlying timing differences could be deducted; therefore the deferred tax asset has not been recognised.

9. Inventories

	2021 $'000	2020 $'000
Materials	-	3,736
Less: Provision for diminution in value of inventory	-	(3,304)
Materials, net of provision	-	432

Materials were disposed of in September 2021.

10. Trade and other receivables

	2021 $'000	2020 $'000
Trade receivables		
Third parties	**3**	2
Hindustan Oil Exploration Company Limited	**3,709**	3,709
Less: provision for impairment of receivable from affiliate company	**(3,709)**	(3,709)
Other receivables		
Eni S.p.A. Corporate	**204**	-
Eni Angola S.p.A.	**1,401**	-
Third parties	**-**	4
JV partner receivable	**3,322**	4,050
Less: provision for impairment of JV partner receivable	**(3,322)**	(4,050)
	1,608	6

Due to uncertainty of amount and timing of the receipt of JV partner receivable, the billing statements issued to partners were fully provided for in the period the billing statements were issued.

The company believes that the carrying amounts are a reasonable approximation to the fair value. The receivables are unsecured in nature and bear no interest. The carrying amounts of the trade and other receivables are denominated in USD.

The movement of the provision for impairment or expected credit loss of trade receivable and JV partner receivable were respectively $nil (2020: $nil) and $728,000 (2020: $75,000). The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The company does not hold any collateral security.

Other receivables due from Eni Angola S.p.A. relates to the sale of materials and amount due from Eni S.p.A. relates to a cash receipt linked to a tax settlement made on behalf of Eni S.p.A.

11. Cash and cash equivalents

	2021 $'000	2020 $'000
Cash at bank		
Third parties	**32**	275
Affiliate company:		
Banque Eni S.A.	**159**	128
Short term bank deposits – Affiliate company		
Eni Finance International S.A.	**1,600**	3,200
	1,791	3,603

Short term deposits are repayable within 3 months and carry interest rates which vary in line with market rates. These deposits are held with Eni Finance International S.A. which is a subsidiary of Eni S.p.A. and has a credit rating of Baa1 as issued by Moody's.

During 2020 the effective rate has been between 0.07218 % and 0.13127% for USD deposit (2020: 0.124% and 0.645%). The company believes that the carrying amounts are a reasonable approximation to the fair value.

12. Trade and other payables

	2021 $'000	2020 $'000
Trade payables		
Eni UK Limited	**95**	103
Eni S.p.A.	**-**	20
Eni ULX Limited	**-**	7
Other payables		
Third parties	**112**	40
Accruals		
Third parties	**23**	151
	230	321

Amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. These amounts are not interest bearing and are repayable on demand. The company believes that the carrying amounts are a reasonable approximation to the fair value. The above financial liabilities will be settled on a gross basis in less than one year.

13. Share capital and capital contribution reserve

		Allotted, called up and fully paid	
		2021	2020
Ordinary shares of £1 each - 44 million shares (2020: 44 million shares)	£'000	**44,000**	44,000
US Dollar equivalent	$'000	**86,420**	86,420

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.

The capital contribution reserve of $89,502,000 (2020: $89,502,000) has accumulated since incorporation as a result of capital injections made by the parent company.

Capital risk management

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

The company regularly reviews its capital structure on the basis of its expected capital requirements in order to achieve the defined strategic objectives and manages its capital accordingly. The company's capital structure fully satisfies its capital requirements and the company has no necessity or intention of altering the current position. Short and medium-term funding requirements are managed through the use of an intercompany facility with Eni Finance International S.A. Longer term funding or funding for a particularly large transaction may be sourced from a combination of using the existing facility with Eni Finance International S.A., parent or affiliated company loan, suitable long-term instruments, such as loans from third parties, or by raising additional equity.

14. Provision

The provision at 31 December 2021 relates to a legal dispute with a third party. In June 2021, the company received the award from an arbitral tribunal in the legal dispute with a third party resulting in the need to increase the legal provision by $9.7 million at 31 December 2020, mainly as a result of an increased interest rate on the outstanding amount due. The company appealed against the award in December 2021. As the disclosure of the information can seriously prejudice the company's position on the dispute no further information has been disclosed.

	2021 $'000	2020 $'000
1 January	**30,410**	18,570
Utilisation	**-**	(1,630)
Transfer from Trade and other payables	**-**	3,700
Charge for the year	**1,402**	9,770
31 December	**31,812**	30,410

Included in the charge for the year is an interest charge of 7% applied to the balance on an annual basis.

15. Financial risk management

Financial risks are managed in respect of guidelines issued by the Eni S.p.A. board of directors in its role of directing and setting the risk limits, targeting to align and centrally coordinate Group companies' policies on financial risks ("Guidelines on financial risks management and control"). The "Guidelines" define for each financial risk the key components of the management and control process, such as the aim of the risk management, the valuation methodology, the structure of limits, the relationship model and the hedging and mitigation instruments.

The company is exposed to the following financial risks:

Liquidity risk: The risk that suitable sources of funding for the company's business activities may not be available. The company has access to the Eni group's financial resources in the form of capital contributions from its shareholder and short-term lending facilities from Eni Finance International. The company believes it has sufficient cash to cover expenses.

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

16. Post balance sheet event

The military action between Russia and Ukraine that developed following the year end, alongside the imposition of international sanctions, have a pervasive economic impact not only on businesses in Russia and Ukraine, but also globally where businesses engage in economic activities that might be affected by the recent developments. The company has no assets, operations or activities in Russia and Ukraine nor is it party to any contracts or transactions involving Russian registered counterparties. Accordingly, the company will not be directly affected by any internationally imposed sanctions covering such assets, operations, activities, contracts or transactions.

There are no other balance sheet events affecting the company.