

# Melrose Mediterranean Limited

Directors' report and financial statements

Year ended 31 December 2019

**Registered number: 02823058**



# Melrose Mediterranean Limited

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# Melrose Mediterranean Limited

## Director and other information

### Director

Denis Ischenko

### Secretary

Peter G Wilson

### Registered office

5<sup>th</sup> Floor  
10 Finsbury Square  
London  
EC2A 1AF

### Company Registration number

02823058

# Melrose Mediterranean Limited

## Directors' Report

The sole director presents the Directors' report together with the financial statements of Melrose Mediterranean Limited ("the Company") for the year ended 31 December 2019.

### Director and secretary

At the date of this report, the sole director is Denis Ischenko.

Peter G Wilson is the secretary.

The sole director, who held office at 31 December 2019, had no beneficial interest in the share capital of the Company other than indirectly through investments in funds managed by Worldview International Management Limited SEZC which indirectly control the Company.

### Dividend

The director does not propose to pay a dividend for the current financial year (2018: \$Nil).

### Political contributions

No political contributions were made by the Company during the year (2018: \$Nil).

### Ownership and principal activity

The Company is a wholly owned subsidiary of Petroceltic Resources Limited ("PRL") and is consolidated as part of the Sunny Hill Energy Limited group ("the Group"). Except for the forgiving of an intra group receivable, the Company was dormant and did not trade during the year. The Company was also dormant throughout 2018.

The Company is incorporated in England & Wales.

### Business review and results

The income statement and statement of comprehensive income for the year ended 31 December 2019 and the balance sheet at that date are set out on pages 5 and 6 respectively.

### Going concern

Although the Company is not currently in a position to repay an amount of \$4.8 million advanced to it by PRL, the Company has received confirmation from PRL that it will not seek repayment of this amount for at least twelve months from the date of approval of these financial statements. Accordingly, the sole director has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Company continues to adopt the going concern basis in preparing the financial statements.

On 11 March 2020, the World Health Organization declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 150 countries now affected. Many governments have taken stringent steps to help contain or delay the spread of the virus.

Currently, there is a significant increase in economic uncertainty coupled with more volatile asset prices and currency exchange rates.

For the Company's 31 December 2019 financial statements, the Coronavirus outbreak and the related impacts are considered non-adjusting events. Consequently, there is no impact on the recognition and measurement of assets and liabilities. Due to the uncertainty of the outcome of the current events, the Company cannot reasonably estimate the impact these events will have on the Company's financial position, results of operations or cash flows in the future.

### Small company exemption

In preparing the Directors' Report, the directors have taken the small companies exemption under Section 414(B) of the Companies Act 2006 not to prepare a Strategic Report.

# Melrose Mediterranean Limited

## Directors' Report *(continued)*



By order of the board  
Peter G Wilson  
Company Secretary

15 October 2020

5<sup>th</sup> Floor  
10 Finsbury Square  
London  
EC2A 1AF

# Melrose Mediterranean Limited

## STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with FRS 101 *Reduced Disclosure Framework*.

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 assets, liabilities and financial position of the Company and of its profit or loss for that year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and enable them to ensure that the financial statements comply with the Companies Act 2014. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. The Directors are also responsible for preparing a Directors' Report that complies with the requirements of the Companies Act 2014.

For and on behalf of the Board



**Peter G Wilson**  
**Company Secretary**  
**15 October 2020**

# Melrose Mediterranean Limited

## Income statement and statement of comprehensive income for the year ended 31 December 2019

	<i>Note</i>	<b>2019 \$000</b>	<b>2018 \$000</b>
Forgiveness of intercompany loan	3	(3,000)	-
<b>Total comprehensive expense</b>	2	<b>(3,000)</b>	<b>-</b>

The result for the year is fully attributable to the equity shareholder of the Company.

## Statement of changes in equity for the year ended 31 December 2019

	<b>Share Capital \$000</b>	<b>Retained deficit \$000</b>	<b>Total equity \$000</b>
<b>Balance at 1 January 2018</b>	-	(1,797)	(1,797)
<b>Total comprehensive income</b>	-	-	-
<b>Result for the financial year</b>	-	-	-
<b>Balance at 31 December 2018</b>	-	(1,797)	(1,797)
<b>Balance at 1 January 2019</b>	-	(1,797)	(1,797)
<b>Total comprehensive expense</b>	-	(3,000)	(3,000)
<b>Loss for the financial year</b>	-	(3,000)	(3,000)
<b>Balance at 31 December 2019</b>	-	(4,797)	(4,797)

# Melrose Mediterranean Limited

## Balance sheet

as at 31 December 2019

	Note	2019 \$000	2018 \$000
<b>Current assets</b>			
Amounts owed from group companies	4	-	3,000
		<hr/>	<hr/>
<b>Current liabilities</b>			
Amounts owed to group companies	5	(4,797)	(4,797)
		<hr/>	<hr/>
<b>Net liabilities</b>		<b>(4,797)</b>	<b>(1,797)</b>
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	6	-	-
Profit and loss account		(4,797)	(1,797)
		<hr/>	<hr/>
<b>Shareholder's deficit</b>		<b>(4,797)</b>	<b>(1,797)</b>
		<hr/>	<hr/>

For the financial year in question, the Company was entitled to exemption under section 477 of the Companies Act 2006 relating to small companies. No members have required the Company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006. The Directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The Board of Directors approved the financial statements on 15 October 2020.

**Denis Ischenko, Director**



The accounting policies and notes on pages 7 to 9 form part of these financial statements.

Registered number: 02823058



# Melrose Mediterranean Limited

## Notes to the financial statements

### 1. Accounting policies

Melrose Mediterranean Limited ('the Company') is a private company incorporated, domiciled, and registered in the UK. The registered number is 02823058 and its registered address is 5th Floor, 10 Finsbury Square, London EC2A 1AF.

The financial statements were authorised for issue by the Directors on 15 October 2020.

#### Consolidation

The ultimate parent undertaking for which group financial statements are prepared, and of which the Company is a member, is Sunny Hill Energy Limited ("SHEL"). SHEL is incorporated in England & Wales and has its financial statements available at Companies House ([www.gov.uk/government/organisations/companies-house](http://www.gov.uk/government/organisations/companies-house)).

#### Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs") but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes
- Comparative period reconciliations for share capital, tangible fixed assets, intangible assets
- Disclosures in respect of transactions with wholly owned subsidiaries
- The effects of new but not yet effective IFRSs, and
- Disclosures in respect of the compensation of key management personnel

As the consolidated financial statements of SHEL include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share-Based Payments in respect of group settled share-based payments and;
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures

#### Basis of preparation

The financial statements are prepared on the historical cost basis. They are presented in US dollars and rounded to the nearest thousand. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

#### Going concern

The Company is pursuing a claim for compensation and damages against the French Minister for the Environment arising out of a decision by the Minister for the Environment in September 2015 to deny an application by the Company for an extension of the Rhone Maritime Permit, held by the Company. The sum claimed is €63.5m. The court of first instance, the Administrative Court of Cergy-Pontoise, ruled against the Company in December 2016 and upheld the Ministerial Order. However, that decision was overturned on appeal by the Administrative Court of Appeal of Versailles in January 2020. The Appeal Court annulled the decision by the Minister for the Environment of September 2015 to refuse the Company's request for an extension and directed the Minister in charge of mining to re-examine the

# Melrose Mediterranean Limited

## Notes to the financial statements (continued)

### 1. Accounting policies (continued)

#### Going concern (continued)

Company's request for an extension of the Rhone Maritime Permit and to issue his decision in that regard within 15 months from the date of the Appeal Court Decision. The Appeal Court rejected the Company's claim for damages. That element of the decision has been appealed to the French Supreme Court.

As at 31 December 2019, the Company had net liabilities of \$4.8 million (2018: \$1.8 million). The Company has a liability payable to its parent company, Petroceltic Resources Limited, of \$4.8 million. That loan is non-interest bearing and is repayable on demand. However, Petroceltic Resources Limited has given an undertaking not to request repayment of the amount due for a period of at least twelve months from the date of approval of these financial statements.

Accordingly, the sole director has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the sole director continues to adopt the going concern basis in preparing the directors' report and financial statements.

#### Accounting judgements and estimation uncertainty

The preparation of the financial statements requires the Directors to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. In particular, significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are impairment testing in relation to investments in and amounts due from subsidiaries. Actual results may differ from these estimates.

#### Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

### 2. Result for the year

There are no directors' emoluments charged in respect of this year (2018: \$nil). The tax charge on the loss before tax for the year is \$nil (2018: \$nil).

### 3. Forgiveness of intra-group loans

During the year a \$3.0m receivable due from Petroceltic Energy Company, an affiliate of the Company, was forgiven.

4	Debtors	2019 \$000	2018 \$000
	Amounts due from group undertakings	-	3,000
		-	3,000

# Melrose Mediterranean Limited

## Notes to the financial statements (continued)

<b>5</b>	<b>Creditors</b>	<b>2019</b>	<b>2018</b>
		<b>\$000</b>	<b>\$000</b>
	Amounts due to group undertakings	<b>4,797</b>	<b>4,797</b>
		<b>4,797</b>	<b>4,797</b>

Amounts are due to the parent company, Petroceltic Resources Limited and are interest free. The parent company has undertaken not to call for any repayment of this loan for the foreseeable future.

### 6. Share capital

The Company had allotted, called up and fully paid share capital of 1 ordinary share of £1 at 31 December 2019 and 31 December 2018.

### 7. Controlling related party and ultimate parent undertaking

The Company is wholly-owned by Petroceltic Resources Limited, a Company incorporated in the UK. At the date of approval of the financial statements, Sunny Hill Limited is the ultimate controlling party. Sunny Hill Limited is registered in the Cayman Islands at Maples Corporate Services Limited, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The parent undertaking for which group financial statements are prepared, and of which the Company is a member, is Sunny Hill Energy Limited (formerly known as Petroceltic Holdings Limited). Sunny Hill Energy Limited is incorporated in England & Wales and its financial statements are available at Companies House ([www.gov.uk/government/organisations/companies-house](http://www.gov.uk/government/organisations/companies-house)).

### 8. Capital commitments and contingencies

The Company had no capital commitments and no reportable contingencies as at 31 December 2019 (2018: \$nil).

### 9. Subsequent events

On 11 March 2020, the World Health Organization declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 150 countries now affected. Many governments are taking increasingly stringent steps to help contain or delay the spread of the virus. Currently, there is a significant increase in economic uncertainty coupled with more volatile asset prices and currency exchange rates.

For the Company's 31 December 2019 financial statements, the Coronavirus outbreak and the related impacts are considered non-adjusting events. Consequently, there is no impact on the recognition and measurement of assets and liabilities. Due to the uncertainty of the outcome of the current events, the Company cannot reasonably estimate the impact these events will have on the Company's financial position, results of operations or cash flows in the future.