

Company Registration No. 03547108 (England and Wales)

MERLIN ENERGY RESOURCES LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
PAGES FOR FILING WITH REGISTRAR

MERLIN ENERGY RESOURCES LIMITED

COMPANY INFORMATION

Directors Dr Andrew Sims
Dr William Wilks

Secretary Fiona Lawrance

Company number 03547108

Registered office Newberry House
New Street
Ledbury
HR8 2EJ

Accountants Kendall Wadley LLP
Granta Lodge
71 Graham Road
Malvern
Worcestershire
WR14 2JS

Bankers NatWest
12 Broad Street
Hereford
HR4 9AH

MERLIN ENERGY RESOURCES LIMITED

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MERLIN ENERGY RESOURCES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

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

Principal activities

The principal activity of the company continued to be that of the provision of exploration consultancy and data storage facilities for the oil exploration industry and associated business.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Dr Andrew Sims

Dr Philip Copestake

Dr William Wilks

(Resigned 21 October 2020)

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

By order of the board

Fiona Lawrance
Secretary

Dr Andrew Sims
Director

20 May 2021

MERLIN ENERGY RESOURCES LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	4		436,529		531,423
Investments	5		110,970		174,150
			<u>547,499</u>		<u>705,573</u>
Current assets					
Stocks			1,207		153,825
Debtors	6		225,670		265,173
Cash at bank and in hand			481,541		699,487
			<u>708,418</u>		<u>1,118,485</u>
Creditors: amounts falling due within one year	7		(58,025)		(419,004)
Net current assets			<u>650,393</u>		<u>699,481</u>
Total assets less current liabilities			<u>1,197,892</u>		<u>1,405,054</u>
Provisions for liabilities			-		(304)
Net assets			<u>1,197,892</u>		<u>1,404,750</u>
Capital and reserves					
Called up share capital	8		18,863		18,863
Revaluation reserve	9		240,823		282,369
Capital redemption reserve	10		31,137		31,137
Profit and loss reserves			907,069		1,072,381
Total equity			<u>1,197,892</u>		<u>1,404,750</u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

For the financial year ended 31 December 2020 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

MERLIN ENERGY RESOURCES LIMITED

BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2020

The financial statements were approved by the board of directors and authorised for issue on 20 May 2021 and are signed on its behalf by:

Dr Andrew Sims
Director

Company Registration No. 03547108

MERLIN ENERGY RESOURCES LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital	Revaluation reserve	Capital redemption reserve	Profit and loss reserves	Total
	£	£	£	£	£
Balance at 1 January 2019	18,863	282,369	31,137	1,000,718	1,333,087
Year ended 31 December 2019:					
Profit and total comprehensive income for the year	-	-	-	71,663	71,663
Balance at 31 December 2019	18,863	282,369	31,137	1,072,381	1,404,750
Year ended 31 December 2020:					
Loss and total comprehensive income for the year	-	-	-	(206,858)	(206,858)
Transfers	-	(41,546)	-	41,546	-
Balance at 31 December 2020	18,863	240,823	31,137	907,069	1,197,892

MERLIN ENERGY RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Company information

Merlin Energy Resources Limited is a private company limited by shares incorporated in England and Wales. The registered office is Newberry House, New Street, Ledbury, HR8 2EJ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT. Turnover is recognised when the service or good is provided.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.3 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings	25 years straight line
Plant and machinery	2 years straight line / 15% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.4 Fixed asset investments

Listed investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in profit or loss. Transaction costs are expensed to profit or loss as incurred.

MERLIN ENERGY RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

MERLIN ENERGY RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

MERLIN ENERGY RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

The pension costs charged in the financial statements represent the contributions payable by the company in the year.

1.13 Leases

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.14 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Exceptional item

	2020 £	2019 £
Expenditure		
Employee ownership trust	3,758	11,282

During the year to 31st December 2016 a commitment was made to pay a gift of £1,621,375 over a five year period by Merlin Energy Resources Limited to Merlin Energy Employee Ownership Trust. Of this total gift, a sum of £150,405 was paid during this year. The balance outstanding as at 31st December 2020 was nil. Additional payments of £3,758 were due in the year to the Trust which represents interest payable by the Trust to the shareholders. This amount paid in the year is included as an administrative expense in the accounts but has been added back in the tax computation, as the amount is not allowable for tax relief.

MERLIN ENERGY RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020 Number	2019 Number
Total	15	16

4 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost			
At 1 January 2020	675,000	312,754	987,754
Additions	-	1,253	1,253
Disposals	(81,000)	-	(81,000)
At 31 December 2020	594,000	314,007	908,007
Depreciation and impairment			
At 1 January 2020	153,000	303,331	456,331
Depreciation charged in the year	26,460	7,047	33,507
Eliminated in respect of disposals	(18,360)	-	(18,360)
At 31 December 2020	161,100	310,378	471,478
Carrying amount			
At 31 December 2020	432,900	3,629	436,529
At 31 December 2019	522,000	9,423	531,423

The Colwall freehold land and buildings were valued on an open market basis by John Goodwin, an independent external Chartered Surveyor on 30 May 2019. The directors believe this valuation is a fair value of the property at the year end. The historic cost of this freehold property is £157,702.

Newberry House was valued on an open market basis by John Goodwin, an independent external Chartered Surveyor on 30 May 2019. The directors believe this valuation is a fair value of the property at the year end. The historic cost of the property is £295,147.

5 Fixed asset investments

	2020 £	2019 £
Other investments other than loans	110,970	174,150

MERLIN ENERGY RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

5 Fixed asset investments (Continued)

Movements in fixed asset investments

	Investments other than loans £
Cost or valuation	
At 1 January 2020 & 31 December 2020	174,150
Impairment	
At 1 January 2020	-
Impairment losses	63,180
At 31 December 2020	63,180
Carrying amount	
At 31 December 2020	110,970
At 31 December 2019	174,150

6 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	163,799	234,252
Corporation tax recoverable	23,114	-
Other debtors	38,757	30,921
	225,670	265,173

7 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	25,744	7,221
Corporation tax	-	23,114
Other taxation and social security	11,178	36,620
Other creditors	21,103	352,049
	58,025	419,004

MERLIN ENERGY RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

8	Called up share capital	2020	2019
		£	£
	Ordinary share capital		
	Issued and fully paid		
	18,863 Ordinary shares of £1 each	18,863	18,863
		<u> </u>	<u> </u>
9	Revaluation reserve	2020	2019
		£	£
	At the beginning of the year	282,369	282,369
	Transfer to retained earnings	(41,546)	-
		<u> </u>	<u> </u>
	At the end of the year	240,823	282,369
		<u> </u>	<u> </u>
10	Capital redemption reserve	2020	2019
		£	£
	At the beginning and end of the year	31,137	31,137
		<u> </u>	<u> </u>

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