

REGISTERED NUMBER: 05498467 (England and Wales)

VALHALLA OIL AND GAS LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

HPCA Limited
Chartered Accountants
Station House
Connaught Road
Brookwood
Woking
Surrey
GU24 0ER

CONTENTS OF THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

	Page
Company Information	1
Balance Sheet	2
Notes to the Financial Statements	3

VALHALLA OIL AND GAS LIMITED

COMPANY INFORMATION
for the year ended 31 December 2018

DIRECTOR: Mr H W Ashton

SECRETARY: Aldlex Limited

REGISTERED OFFICE: C/o Peachey and Co LLP
95 Aldwych
LONDON
WC2B 4JF

REGISTERED NUMBER: 05498467 (England and Wales)

ACCOUNTANTS: HPCA Limited
Chartered Accountants
Station House
Connaught Road
Brookwood
Woking
Surrey
GU24 0ER

VALHALLA OIL AND GAS LIMITED (REGISTERED NUMBER: 05498467)

BALANCE SHEET
31 December 2018

	Notes	2018 £	£	2017 £	£
FIXED ASSETS					
Intangible assets	3		356,977		356,977
CURRENT ASSETS					
Debtors	4	5,738		1,600	
Cash at bank		<u>8,810</u>		<u>19,484</u>	
		14,548		21,084	
CREDITORS					
Amounts falling due within one year	5	<u>1,446,737</u>		<u>1,438,298</u>	
NET CURRENT LIABILITIES			<u>(1,432,189)</u>		<u>(1,417,214)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			(1,075,212)		(1,060,237)
PROVISIONS FOR LIABILITIES	6		<u>348,870</u>		<u>348,870</u>
NET LIABILITIES			<u>(1,424,082)</u>		<u>(1,409,107)</u>
CAPITAL AND RESERVES					
Called up share capital			17,601,000		17,601,000
Retained earnings			<u>(19,025,082)</u>		<u>(19,010,107)</u>
SHAREHOLDERS' FUNDS			<u>(1,424,082)</u>		<u>(1,409,107)</u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 December 2018.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 December 2018 in accordance with Section 476 of the Companies Act 2006.

The director acknowledges his responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.
- (b)

The financial statements have been prepared and delivered in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the director on 30 September 2019 and were signed by:

Mr H W Ashton - Director

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

1. STATUTORY INFORMATION

Valhalla Oil and Gas Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The director has prepared the financial statements on the going concern basis which assumes that the company will continue in operational existence for the foreseeable future and be able to meet its liabilities as they fall due. There are uncertainties that the director has had to consider which may cast doubt on the company's ability to continue as a going concern.

For the year ended 31 December 2018, the company incurred a loss of £14,975, and reported net current liabilities of £1,432,189 at that date although this includes £1,424,392 due to its parent company, Valhalla Oil and Gas AS. Based on the estimated future cash requirements the director has concluded that the company is dependent on the support of its parent company in order to be able to meet its obligations for the foreseeable future. The director has received assurances from the parent company that it aims to provide the necessary financial support for the period until 30th September 2020 to enable the company to meet its liabilities as and when they fall due. Accordingly the director has concluded that it is appropriate that the financial statements continue to be prepared on the going concern basis.

Oil and gas assets

The company uses the successful efforts method of accounting for oil and gas operations, under which all license acquisitions, exploration and evaluation costs are capitalised within intangible assets and classified as exploration and evaluation costs. Directly attributable administration costs are capitalised where they relate to specific exploration activities. Costs incurred prior to obtaining the legal rights to explore an area are expensed to the Income Statement.

If commercial reserves are not discovered or licenses are relinquished, these exploration and evaluation assets are written off to the income statement. Amounts carried on the balance sheet are at each balance sheet date assessed for impairment.

If a project is sanctioned for development, the carrying values of the exploration and evaluation costs are transferred to tangible assets after assessment for impairment. These costs are amortised from the commencement of production on a unit of production basis.

The oil and gas assets held by the company were transferred to a fellow subsidiary company on 4th April 2019 and the fellow subsidiary sold to a third party.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2018

2. ACCOUNTING POLICIES - continued

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Revenue recognition

Oil and gas revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenues can be reliably measured. To date, the company has no revenue from oil and gas sales.

Joint ventures

The company contracts with others through unincorporated joint ventures to pursue its operations. All such arrangements are jointly controlled operations and the company accounts for its share of income, expenditure, assets and liabilities relating to that arrangement.

Impairment

The company's oil and gas assets are analysed into cash generating units 'CGU' for impairment review purposes, with exploration and evaluation ('E&E') asset impairment being performed at a grouped CGU level. The current CGU consists of the company's whole E&E portfolio. E&E assets are reviewed for impairment when circumstances arise which indicate that the carrying value of an E&E asset exceeds the recoverable amount. When reviewing E&E assets for impairment, the combined carrying value of the grouped CGU is compared with the grouped CGU's recoverable amount. The recoverable amount of a grouped CGU is determined at the higher of its fair value less costs to sell and value in use. Impairment losses resulting from an impairment review are written off to the income statement.

3. INTANGIBLE FIXED ASSETS

COST

At 1 January 2018
and 31 December 2018

NET BOOK VALUE

At 31 December 2018
At 31 December 2017

Exploration
and
Evaluation
£

356,977

356,977

356,977

The net book value at 31 December 2018 relates to licences for which applications for lease undertakings have been made by the operator to the Petroleum Affairs Division of the Department of Communications, Climate Action and Environment ('PAD').

At the 2016 year end the licences were written down to their estimated 'recoverable amount' reflecting the estimated level of consideration which could be received on transfer of these licences to a third party.

On 24th July 2017 the company entered into an agreement to transfer these licences to a fellow subsidiary undertaking. The transfer was not complete at the year end date as approval had not been given by the PAD. This transaction was completed on 4th April 2019 and the fellow subsidiary sold to a third party.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2018

4. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		2018	2017
		£	£
Amounts owed by group undertakings		2,800	1,600
VAT		<u>2,938</u>	<u>-</u>
		<u>5,738</u>	<u>1,600</u>
5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		2018	2017
		£	£
Trade creditors		2,080	35
Amounts owed to group undertakings		1,424,392	1,404,392
VAT		-	2
Accrued expenses		<u>20,265</u>	<u>33,869</u>
		<u>1,446,737</u>	<u>1,438,298</u>
6. PROVISIONS FOR LIABILITIES		2018	2017
		£	£
Other provisions			
Provisions		<u>348,870</u>	<u>348,870</u>
			Other
			provisions
			£
Balance at 1 January 2018			<u>348,870</u>
Balance at 31 December 2018			<u>348,870</u>

The provision relates to the company's obligation for the decommissioning costs associated with the abandonment of the Schull and Old Head of Kinsale wells.

The fair value of the provision has been calculated each year end based on an independent third party report which was prepared for the operator in 2011.

On 24th July 2017 the company entered into an agreement to transfer the licences to a fellow subsidiary undertaking and accordingly the associated decommissioning obligations would, on completion, be transferred as part of that agreement. The value attributed to the licences to be transferred was linked to the associated level of decommissioning provision which was, for the purposes of these accounts, at the 24th July 2017 figure. Accordingly no fair value adjustments have been made in the current year.

This transaction was completed on 4th April 2019 and the fellow subsidiary sold to a third party.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2018

7. RELATED PARTY DISCLOSURES

At the year end, the company owed its parent company Valhalla Oil and Gas AS £1,424,392 (2017: £1,404,392) in respect of funding for the company's operations. A sister company, Valhalla Oil and Gas (Porcupine) Ltd. owed the company £2,800 (2017: £1,600).

As detailed in note 3, the company has agreed to transfer the interests in the licences held to fellow subsidiary Valhalla Oil and Gas (Porcupine) Limited for consideration of £1 representing the estimated fair value of the assets acquired.

Legal fees of £7,558 (2017: £47,465) were paid during the period to Peachey & Co. LLP, including £3,500 (2017: £2,300) for Mr Ashton's services as a director. Mr Ashton is a member of Peachey & Co. LLP.

8. ULTIMATE CONTROLLING PARTY

The immediate and ultimate parent company is considered to be Valhalla Oil and Gas AS, a company incorporated in Norway.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.