

TGPP 1 Limited

Report and Financial Statements

31 December 2019



Directors

J Barry
A Heppel
K Lim

Secretary

Vistra Trust Company Limited

Independent auditor

Ernst & Young LLP
1 Bridgewater Place
Water Lane
Leeds
LS11 5QR

Bankers

Bank of Scotland
33 Old Broad Street
London
EC2N 1HZ

Solicitors

Brodies LLP
15 Atholl Crescent
Edinburgh
EH3 8HA

Registered Office

Suite 1, 3rd Floor
11-12 St. James's Square
London
SW1Y 4LB

Strategic report

The Directors present their Strategic report for the year ended 31 December 2019.

Principal activity, review of the business and future developments

TGPP 1 Limited is part of the Selkie Investments Group ("the Group") that was formed in September 2018 for the purpose of owning and operating midstream gas infrastructure assets in the North Sea. The Group comprises one parent company, Selkie Investments Midstream Topco Limited and 12 subsidiaries.

The Selkie Investments Group was a wholly-owned subsidiary of the KIA, until 18 February 2019 when IIF International Neon Investment Sàrl ("IIF"), advised by J.P. Morgan Asset Management, acquired a 43.1% interest in Selkie Investments Midstream Topco Limited from the KIA. The KIA remain the Group and Company's ultimate controlling party.

The Company's principal activity is the holding of investments.

The result for the year was a profit before taxation of £2.6 million (2018: £2.6 million), arising from interest receivable from group entities.

The Directors envisage that the nature and scale of the Company's activities will continue in the coming year.

Principal risks and uncertainties

Given its position within the Selkie Investments Midstream Topco Limited group of companies and as the Company is purely an intermediary holding company within the group, it is not considered to face any singular risks or uncertainties beyond those of being a member of the aforesaid group.

Approved by the Board of Directors and signed on its behalf by:



Andrew Heppel
Director
29 May 2020

Directors' report

The Directors present their Directors' report for the year ending 31 December 2019.

The Company has chosen in accordance with Section 414(c)(ii) of the Companies Act 2006 to set out in the Strategic report the following, which the Directors believe to be of significant importance:

- Review of the business
- Future developments
- Principal risks and uncertainties

Results and dividends

The profit for the year after taxation amounted to £nil (2018: £2.6 million). No dividends have been paid by the Company during the current or previous year.

Directors

The Directors who served during the year and to the date of approval of the financial statements were as follows:

J Barry	(appointed 23 December 2019)
A Heppel	
K Lim	(appointed 25 July 2019)
P Sochocki	(resigned 25 July 2019)
S Sulaiman	(resigned 23 December 2019)
G Williams	(resigned 14 July 2019)

Going concern

The financial statements are prepared utilising the presumption of going concern which is assessed by the Directors for a period of at least 12 months from the date of approval of the financial statements. The documented assessment process is proportionate in depth and nature to the size, level of risk and complexity of the Company and its operations.

The Company is a holding company within the Selkie Investments Group, headed by Selkie Investments Midstream Topco Limited. It has an investment in subsidiary of £24.6 million, net current liabilities of £20.3 million and net assets of £4.3 million. To meet its financial obligations, the Company is dependent on receiving interest payments and dividends from its subsidiary. The Company is dependent on the two trading entities within the Group to generate sufficient cash to fund the obligations of the rest of the Group, including the Company, via dividends and interest payments and being able to pay this to their respective parent companies.

The Directors have received confirmation from Selkie Investments Midstream Topco Limited, the Company's parent undertaking, that it intends to support the Company for at least 12 months after these financial statements are signed, by directing cash flows to ensure the Company has sufficient funds available.

The Directors, in conjunction with the Directors of Selkie Investments Midstream Topco Limited, have considered the business plans which provide financial projections through to the end of December 2021. The Group's principal debt facilities comprise a £596.6 million term loan which is repayable in September 2025 as well as access to a £20.0 million Revolving Credit Facility and £50.0 million Debt Service Reserve Facility both of which are currently undrawn. At the year end, the Group had sufficient liquidity (£17.9 million) and was in compliance with all of the financial covenants.

The Group's current suite of contracts are of a long-term nature with reputable, creditworthy counterparties who are deemed to pose limited credit risk. This provides a stable income stream that is forecast to comfortably cover the Group's operational cost base and allows it to meet its trading and other obligations for the foreseeable future out of cash reserves. Finally, NSMP Operations Limited and Teesside Gas & Liquids Processing assets are critical to UKCS natural gas resources and essential to the UK's security of energy supply. Currently up to 20% of UK supply passes through these assets. Since the onset of the COVID-19 pandemic, there has been no disruption of supply or diminution in volumes, other than usual seasonal variations.

Directors' report

Notwithstanding the stable nature of the Group's operations, in assessing the going concern of the business, the Directors have also followed the recent guidance issued to companies by the FRC in March 2020 and considered the impact of the recent COVID-19 pandemic and significant reduction in commodity prices. A conclusion has been reached that, as a result of the extensive business continuity plans in place, in which a number of mitigating actions have already been implemented, the impact of COVID-19 on the Group's ability to remain operational has been minimised. These measures not only comply with Government public health guidance, but also ensure business continuity in the current environment. Key actions include:

- minimising non-essential work and personnel at sites;
- splitting core teams into segregated teams; and
- close liaison with offshore operators and neighbouring facilities.

Whilst the Directors do not expect any COVID-19 related shutdowns and there is no data to suggest such an impact is likely, 1, 2 and 3 month shutdown scenarios have been considered as key sensitivities in the cash flow forecasts. Even under a shutdown scenario of one month, which is considered very unlikely, the Directors have a reasonable expectation that the Group will be able to operate within the level of available facilities and cash for the foreseeable future.

Consequently, the Directors are satisfied that the Company and the Group have adequate resources to continue to operate and meet their liabilities as they fall due for at least twelve months from the date approval of the financial statements. For this reason, they continue to adopt the Going Concern Basis for preparing the financial statements on a going concern basis.

Disclosure of information to the auditor

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

Re-appointment of auditor

In accordance with s.485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for re-appointment of Ernst & Young LLP as auditor of the Company.

Approved by the Board of Directors and signed on its behalf by:



Andrew Heppel
Director
29 May 2020

Statement of Directors' responsibilities

The Directors are responsible for preparing the strategic report, 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 the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report

to the members of TGPP 1 Limited

Opinion

We have audited the financial statements of TGPP 1 Limited for the year ended 31 December 2019 which comprise the Income statement, the Statement of financial position and the Statement of changes in equity and the related notes 1 to 11, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2019 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Emphasis of Matter

We draw attention to Note 1 and 11 of the financial statements, which describes the economic and social disruption the Company is facing as a result of COVID-19. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report set out on pages 1 to 5, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information.

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

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.

Independent auditor's report (continued)

to the members of TGPP 1 Limited

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Independent auditor's report (continued)

to the members of TGPP 1 Limited

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Catherine Hackney (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Leeds
29 May 2020

Incomes statement

For the year ended 31 December 2019

	Notes	2019 £000	2018 £000
Interest receivable and similar income	2	2,605	2,605
Profit before taxation	3	2,605	2,605
Tax on profit	4	(2,605)	7
Result after taxation		<u>–</u>	<u>2,612</u>

All amounts relate to continuing activities.

There is no other comprehensive income other than the result for the current and preceding financial year. As such, no statement of comprehensive income has been presented.

Statement of financial position

At 31 December 2019

	Notes	2019 £000	2018 £000
Fixed assets			
Investments	5	24,623	24,623
Current assets			
Debtors	6	40,512	37,907
Creditors: amounts falling due within one year	7	(60,787)	(58,182)
Net current liabilities		(20,275)	(20,275)
Net assets		4,348	4,348
Capital and reserves			
Called up share capital	8	—	—
Profit and loss reserve	8	4,348	4,348
Total shareholders' equity		4,348	4,348

The financial statements were approved by the Board of Directors, authorised for issue and signed on its behalf by:



Andrew Héppel
Director
29 May 2020

Statement of changes in equity

For the year ended 31 December 2019

	<i>Called up share capital £000</i>	<i>Profit and loss reserve £000</i>	<i>Total equity shareholders' funds £000</i>
At 1 January 2018	–	1,736	1,736
Profit for the year	–	2,612	2,612
	<hr/>	<hr/>	<hr/>
At 31 December 2018	–	4,348	4,348
Result for the year	–	–	–
	<hr/>	<hr/>	<hr/>
At 31 December 2019	–	4,348	4,348
	<hr/>	<hr/>	<hr/>

Notes to the financial statements

For the year ended 31 December 2019

1. Accounting policies

General information

TGPP 1 Limited is a private limited liability company, limited by shares and incorporated in England. The Registered Office is Suite 1, 3rd Floor, 11-12 St. James's Square, London. The Company's principal activity is the holding of investments.

Statement of compliance

The Company's financial statements have been prepared in accordance with United Kingdom Accounting Standards, including FRS102 "The Financial Reporting Standard applicable to the UK and Republic of Ireland" and the Companies Act 2006.

Basis of preparation

The financial statements have been prepared using accounting principles based on historical cost, unless stated otherwise. The financial statements are prepared in GBP sterling which is the functional currency of the Company and rounded to the nearest £000.

In these financial statements, the Company has applied the exemptions available under FRS 102 in respect of the following disclosures:

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv)
- the requirement to prepare a Statement of Cash Flows
- the requirements of Section 11 Basic Financial Instruments paragraphs 11.39 to 11.48A
- the requirements of Sections 33.1A and 33.7 Related Party Disclosures

The equivalent disclosures and results of the Company are included in the consolidated parent company accounts and for that basis these financial statements are not consolidated. Note 10 gives details of the Company's ultimate parent and where the consolidated financial statements prepared may be obtained.

Group financial statements

The Company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare group financial statements as the Company's financial results and position are included in the consolidated financial statements of its parent company, Selkie Investments Midstream Topco Limited, which prepares group financial statements which are publicly available. Accordingly, these financial statements represent the activities of the Company only.

Going concern

The financial statements are prepared utilising the presumption of going concern which is assessed by the Directors for a period of at least 12 months from the date of approval of the financial statements. The documented assessment process is proportionate in depth and nature to the size, level of risk and complexity of the Company and its operations.

The Company is a holding company within the Selkie Investments Group, headed by Selkie Investments Midstream Topco Limited. It has an investment in subsidiary of £24.6 million, net current liabilities of £20.3 million and net assets of £4.3 million. To meet its financial obligations, the Company is dependent on receiving interest payments and dividends from its subsidiary. The Company is dependent on the two trading entities within the Group to generate sufficient cash to fund the obligations of the rest of the Group, including the Company, via dividends and interest payments and being able to pay this to their respective parent companies.

The Directors have received confirmation from Selkie Investments Midstream Topco Limited, the Company's parent undertaking, that it intends to support the Company for at least 12 months after these financial statements are signed, by directing cash flows to ensure the Company has sufficient funds available.

Notes to the financial statements

For the year ended 31 December 2019

1. Accounting policies (continued)

Going concern (continued)

The Directors, in conjunction with the Directors of Selkie Investments Midstream Topco Limited, have considered the business plans which provide financial projections through to the end of December 2021. The Group's principal debt facilities comprise a £596.6 million term loan which is repayable in September 2025 as well as access to a £20.0 million Revolving Credit Facility and £50.0 million Debt Service Reserve Facility both of which are currently undrawn. At the year end, the Group had sufficient liquidity (£17.9 million) and was in compliance with all of the financial covenants.

The Group's current suite of contracts are of a long-term nature with reputable, creditworthy counterparties who are deemed to pose limited credit risk. This provides a stable income stream that is forecast to comfortably cover the Group's operational cost base and allows it to meet its trading and other obligations for the foreseeable future out of cash reserves. Finally, NSMP Operations Limited and Teesside Gas & Liquids Processing assets are critical to UKCS natural gas resources and essential to the UK's security of energy supply. Currently up to 20% of UK supply passes through these assets. Since the onset of the COVID-19 pandemic, there has been no disruption of supply or diminution in volumes, other than usual seasonal variations.

Notwithstanding the stable nature of the Group's operations, in assessing the going concern of the business, the Directors have also followed the recent guidance issued to companies by the FRC in March 2020 and considered the impact of the recent COVID-19 pandemic and significant reduction in commodity prices. A conclusion has been reached that, as a result of the extensive business continuity plans in place, in which a number of mitigating actions have already been implemented, the impact of COVID-19 on the Group's ability to remain operational has been minimised. These measures not only comply with Government public health guidance, but also ensure business continuity in the current environment. Key actions include:

- || - minimising non-essential work and personnel at sites; ||
- splitting core teams into segregated teams; and
- close liaison with offshore operators and neighbouring facilities.

Whilst the Directors do not expect any COVID-19 related shutdowns and there is no data to suggest such an impact is likely, 1, 2 and 3 month shutdown scenarios have been considered as key sensitivities in the cash flow forecasts. Even under a shutdown scenario of one month, which is considered very unlikely, the Directors have a reasonable expectation that the Group will be able to operate within the level of available facilities and cash for the foreseeable future.

Consequently, the Directors are satisfied that the Company and the Group have adequate resources to continue to operate and meet their liabilities as they fall due for at least twelve months from the date approval of the financial statements. For this reason, they continue to adopt the Going Concern Basis for preparing the financial statements on a going concern basis.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements has not required management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year.

Investments in subsidiaries

Investment in subsidiary companies are included in the financial statements at historical cost less accumulated impairment losses.

Notes to the financial statements

For the year ended 31 December 2019

1. Accounting policies (continued)

Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the income statement.

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the income statement.

Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments. Basic financial assets, including intercompany receivables, and investments, are initially recognised at transaction price, 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. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Basic financial liabilities, intercompany payables and loans from fellow group companies, 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 receipts discounted at a market rate of interest.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Dividends to the parent company are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the Directors of the Company. These amounts are recognised in the statement of changes in equity.

Income from fixed asset investments

Income from fixed asset investments is recognised when the Company's right to receive payment is established.

Taxation

Current tax, including UK corporation tax and foreign tax, is recognised on taxable profits or losses for the current and past periods. Current tax is measured at the amounts of tax expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Related party transactions

The Company has taken advantage of the exemptions given in FRS 102.33.1A and FRS102.33.7, not to disclose transactions with wholly owned related parties and key management personnel.

Notes to the financial statements

For the year ended 31 December 2019

2. Interest receivable and similar income

	2019 £000	2018 £000
Intercompany loan interest receivable	2,605	2,605

3. Profit before taxation

The audit fee will be paid by the Company's parent on behalf of all group companies. Disclosure of the fees paid to the auditor is included in the financial statements of Selkie Investments Midstream Topco Limited.

The Company has no employees. No Director received any remuneration in their capacity as Director of this Company for the period ended 31 December 2019.

4. Taxation

(a) Tax on profit

The tax charge/(credit) is made up as follows:

	2019 £000	2018 £000
<i>Current tax:</i>		
UK corporation tax on the profit for the year	2,605	(7)
Total current tax	2,605	(7)

(b) Factors affecting tax credit for the year

The tax assessed for the year is lower than (2018: lower than) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £000	2018 £000
Profit before tax	2,605	2,605
Profit multiplied by standard rate of corporation tax in the UK of 19% (2018 – 19%)	495	495
<i>Effects of:</i>		
Effects of group relief	2,110	(502)
Total tax charge/(credit) for the year	2,605	(7)

Notes to the financial statements

For the year ended 31 December 2019

4. Taxation (continued)

(c) Factors affecting future tax charges

The standard rate of UK corporation tax is 19% and this took effect from 1 April 2017. The 2016 Finance Act introduced a UK corporation tax rate of 17% from 1 April 2020. However, the Budget which took place on 11 March 2020 confirmed the rate of corporation tax will remain at 19% from 1 April 2020, cancelling the enacted rate reduction to 17%. The rate reduction reversal was substantively enacted on 17 March 2020 by way of a special resolution.

5. Investments

*Shares in group
undertakings
£000*

At 1 January 2019 and at 31 December 2019

24,623

Subsidiary undertakings

The Company's investments at the statement of financial position date in the share capital of companies include the following (* denotes held indirectly):

Teesside Gas & Liquids Processing

Nature of business: Processing and extraction of liquids from natural gas (Unlimited Company)

Class of shares: Ordinary

% Holding: 99%

Registered address: Suite 1, 3rd Floor, 11-12 St James's Square, London, SW1Y 4LB

Northern Gas Processing Limited*

Nature of business: Fractionation of natural gas liquids

Class of shares: Ordinary and Preference

% Holding: 99%

Registered address: Suite 1, 3rd Floor, 11-12 St James's Square, London, SW1Y 4LB

6. Debtors

	2019	2018
	£000	£000
Amounts owed by subsidiary undertakings	40,512	37,907

Included within amounts owed by subsidiary undertakings is an intercompany loan of £14.5 million to Teesside Gas & Liquids Processing and accrued interest at a rate of 12%. Interest is accrued on the original loan balance of £21.7m. The loan is repayable on demand.

Notes to the financial statements

For the year ended 31 December 2019

7. Creditors: amounts falling due within one year

	2019	2018
	£000	£000
Amounts owed to parent undertaking	51,748	51,748
Amounts owed to group undertakings	322	323
Group relief payable	8,717	6,111
	<u>60,787</u>	<u>58,182</u>

8. Issued share capital and reserves

	No.	2019 £000	No.	2018 £000
<i>Allotted, issued and fully paid</i>				
Ordinary shares of £1 each	100	—	100	—

Profit and loss reserve

This reserve records the cumulative amount of realised profits and losses less any distributions of dividends.

9. Related party transactions

The Company has taken advantage of the exemption available under FRS102.33.1A and FRS102.33.7A not to disclose transactions with other members of the Selkie Investments Midstream Topco Limited group.

10. Information about parent undertaking and ultimate controlling party

The Company is a wholly owned subsidiary of Teesside Gas Processing Plant Limited.

Selkie Investments Midstream Topco Limited is the parent undertaking for the largest and smallest group of undertakings for which group financial statements are drawn up. Copies of the group financial statements can be obtained from 3rd Floor, 44 Esplanade, St Helier, JE4 9WG, Jersey.

The Directors consider the Company's ultimate controlling party to be the Kuwait Investment Authority ("KIA"), which is registered at Ministries Complex, Al Murqab, P.O. Box: 64, Safat, Zip Code: 13001, Kuwait City, Kuwait.

Notes to the financial statements

For the year ended 31 December 2019

11. Events after the reporting period

As a result of the COVID-19 pandemic, the Company has conducted an assessment on the potential financial and operational impact to the business. COVID-19 is considered a non-adjusting post balance sheet event. As a holding company, the Company has not been directly impacted by the pandemic, and therefore no indicators of impairment have been identified.

The Company is part of the Selkie Investments Group which, at the date of these accounts, has seen no significant impact to its operational and financial performance, with throughput volumes and revenues in line with expectation. As a result of the extensive business continuity plans in place, in which a number of mitigating actions have already been implemented, the impact of COVID-19 on the Selkie Investments Group ability to remain operational has been minimised. These measures not only comply with Government public health guidance, but also ensure business continuity in the current environment. Key actions include:

- minimising non-essential work and personnel at sites;
- splitting core teams into segregated teams; and
- close liaison with offshore operators and neighbouring facilities.