Columbus Energy Resources Limited

Annual Report
For the year ended
31 December 2022

Registered office:	71-91 Aldwych London WC2B 4HN
Director:	Eytan Uliel
Secretary:	Benjamin Proffitt
Auditor:	Grant Thornton 13-18 City Quay Dublin 2 Ireland

Contents

STRATEGIC REPORT

The Director presents his report and audited financial statements of Columbus Energy Resources Limited (the Company) for the year ended 31 December 2022.

Principal activities

The principal activities of the company are the provision of management services and the financing of its subsidiaries.

Business review

During 2022 the company has continued to provide management services and funding to its subsidiaries.

Summary of key performance indicators

The Company provides commercial and technical support for the CEG Plc Group and incurs costs which are recharged on to operating companies within the CEG Group. As such, management's review of key performance indicators including going concern and liquidity risk assessment focuses on the Group as a whole. Key performance indicators for the CEG Group include revenue, gross profit, earnings before interest, tax, depreciation and amortisation ('EBITDA'), profit before tax and profit after tax.

At a Company level, management reviews the cost base and ensures it is appropriate given the size and nature of the Company's activity and in line with the CEG Group budget. Management have reviewed this for the year ended 31 December 2022 and considers it appropriate. They will continue to monitor this in light of changes to the activity of the Company and the CEG Group.

Results for the year and financial position

The results for the year and the Company's financial position at the end of the year are shown in the attached financial statements on page 11 and 12 respectively. The loss for the financial year ended 31 December 2022 amounted to £687,354 compared to a loss of £1,684,296 for the comparative period ended 31 December 2021.

Significant agreements

During 2022 the Company has not entered any significant agreements.

Section 172 statement

This section serves as the Company's Section 172 Statement. Section 172 of the Companies Act 2006 requires that a Director of a company must act in a way that he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard to other stakeholder interests, amongst other matters.

The following six key considerations the Director of the Company must have regard to when performing his duties are:

1. The likely consequences of any decision in the long term;
2. The interests of the Company's employees;
3. The need to foster the Company's business relationships with suppliers, customers and others;
4. The impact of the Company's operations on the community and the environment;
5. The desirability of the Company maintaining a reputation for high standards of business conduct; and
6. The need to act fairly between the members of the Company.

For examples of Section 172 in practice in relation to the CEG Group, and all its subsidiaries (including the Company), please refer to pages 10 to 13 of the CEG Annual Report and Financial Statements for the year ended 31 December 2022.

STRATEGIC REPORT (CONTINUED)

Principal risks and uncertainties

Company level risks have been identified as financial risks and are disclosed in note 14 Financial instruments and risk management. Risks relating to the CEG Group, including the finance risk are disclosed in the CEG Annual Report and Financial Statements for the year ended 31 December 2022. Issues relating to going concern including the Company's dependence of parent company support and fundamental uncertainties are discussed in note 1.21.

On behalf of the Board

Eytan Uliel

Director

5 September 2023

DIRECTOR'S REPORT

The Director is pleased to present his annual report together with the audited financial statements for the year ended 31 December 2022.

Results and dividends
The loss on ordinary activities of the Company after taxation amounted to £687,354 (2021: £1,684,296). The Director does not recommend payment of a dividend in 2022 and 2021.

Political donations
The Company made no political donations during the financial years ended 31 December 2022 and 2021.

Engagement with suppliers, customers, and other business relationships
Subsequent to the merger with CEG on 7 August 2020 the company no longer has any material relationships with external suppliers and customers. All external relationships are managed by CEG.

The director of the company

The Director who served during the year and up to the date of signing this report was:

Executive Director
Eytan Uliel (appointed on 20 October 2021)

Post balance sheet events
On 30 August 2023 the CEG Group announced the establishment of a £3.3 million convertible loan note funding facility of which £0.55 million has initially been drawn down, with future drawdown of the remainder at the Group's option.

Substantial shareholdings
Subsequent to the merger with CEG on 7 August 2020, the company is 100% owned by CEG.

Internal controls and risk management

The Company's processes for financial reporting are consistent with the internal control and risk management systems established by CEG in relation to the CEG Group's financial reporting process and the CEG Group's process for preparing consolidated accounts. These systems include policies and procedures to ensure that adequate accounting records are maintained and transactions are recorded accurately and fairly to permit the preparation of the financial statements in accordance with UK adopted international accounting standards. The main features of these systems are set out in the Environmental, Social and Corporate Governance Report in the CEG Annual Report and Financial Statements for the year ended 31 December 2022. Company level risks have been identified as financial risks and are disclosed in note 14 Financial instruments and risk management.

Auditors

PricewaterhouseCoopers LLC Chartered Accountants resigned as the Company's Independent auditor effective from 21 December 2022. On 30 January 2023, Grant Thornton were appointed as the Company Auditors.

DIRECTOR'S REPORT (CONTINUED)

Going concern

The Company's internal cashflow forecasts monitor both the short and long-term timelines, factoring in the known risks and uncertainties. These forecasts are regularly updated and incorporated into the CEG Group forecast and demonstrate that with the current cash reserves and forecasted future revenue and available sources of funding, the Company is able to continue in operation for at least the next 12 months. As the Company does not generate its own cash flows it is reliant on its parent company for ongoing financial support. The Company's financial statements have therefore been prepared on a going concern basis. Issues relating to going concern including fundamental uncertainties are discussed in note 1.21.

Future developments

The company will continue to provide management consulting services to operating subsidiaries within the CEG Group.

Statement of director's responsibilities in respect of the financial statements

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has prepared the financial statements in accordance with UK-adopted international accounting standards.

Under company law, the director 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 director is 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 director is 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 director is also 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.

Director's confirmations

In the case of each director in office at the date the director's report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the Board:

Eytan Uliel
Director
5 September 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF COLUMBUS ENERGY RESOURCES LIMITED

Opinion

We have audited the financial statements of Columbus Energy Resources Limited ("Company"), which comprise the statement of comprehensive income, the statement of financial position, the statement of cash flows and the statement of changes in equity for the year ended 31 December 2022, and the related notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK-adopted international accounting standards (UK-adopted IAS).

In our opinion, Columbus Energy Resources Limited's financial statements:

- give a true and fair view in accordance with UK-adopted IAS of the assets, liabilities and financial position of the Company as at 31 December 2022 and of its financial performance and cash flows for the year then ended; and
- have been properly 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 'Responsibilities of the auditor for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the FRC's Ethical Standard and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances for the entity. 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.

Conclusions relating to going concern

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

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 the date when the financial statements are authorised for issue.

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

Other matter

The financial statements of Columbus Energy Resources Limited for the year ended 31, December 2021, were audited by PwC who expressed an unmodified opinion on those statements on 8 December 2022.

Other information

Other information comprises information included in the annual report, other than the financial statements and our auditor's report thereon, including the Director's Report and the Strategic Report. The director is 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 our 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. If we identify such material inconsistencies in the financial statements, 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF COLUMBUS ENERGY RESOURCES LIMITED (CONTINUED)

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 Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Director's 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 any material misstatements in the Strategic Report and the Director's Report. We have nothing to report in respect of the following matters where 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of management and those charged with governance for the financial statements

As explained more fully in the Director's responsibilities statement, management is responsible for the preparation of the financial statements which give a true and fair view in accordance with UK-adopted IAS, and for such internal control as the director determines necessary to enable the preparation of financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is 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 management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.
Those charged with governance are responsible for overseeing the Company's financial reporting process.

Responsibilities of the auditor for the audit of the financial statements

The objectives of an auditor 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 their 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 an auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF COLUMBUS ENERGY RESOURCES LIMITED (CONTINUED)

Responsibilities of the auditor for the audit of the financial statements (continued)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatement in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). 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 Data Privacy law, Employment Law, Health & Safety, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and UK tax legislation. The Audit engagement partner considered the experience and expertise of the engagement team to ensure that the team had appropriate competence and capabilities to identify or recognise non-compliance with the laws and regulation. 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 to manipulate financial performance and management bias through judgements and assumptions in significant accounting estimates, in particular in relation to significant one-off or unusual transactions. We apply professional scepticism through the audit to consider potential deliberate omission or concealment of significant transactions, or incomplete/inaccurate disclosures in the financial statements.

In response to these principal risks, our audit procedures included but were not limited to:

- enquiries of management board on the policies and procedures in place regarding compliance with laws and regulations, including consideration of known or suspected instances of non-compliance and whether they have knowledge of any actual, suspected or alleged fraud;
- inspection of the Company's regulatory and legal correspondence and review of minutes of board meetings during the year to corroborate inquiries made;
- gaining an understanding of the entity's current activities, the scope of authorisation and the effectiveness of its control environment to mitigate risks related to fraud;
- discussion amongst the engagement team in relation to the identified laws and regulations and regarding the risk of fraud, and remaining alert to any indications of non-compliance or opportunities for fraudulent manipulation of financial statements throughout the audit;
- identifying and testing journal entries to address the risk of inappropriate journals and management override of controls;
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- challenging assumptions and judgements made by management in their significant accounting estimates, including recoverability of intercompany loans; and
- review of the financial statement disclosures to underlying supporting documentation and inquiries of management.

The primary responsibility for the prevention and detection of irregularities including fraud rests with those charged with governance and management. As with any audit, there remains a risk of non-detection or irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or override of internal controls.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF COLUMBUS ENERGY RESOURCES LIMITED (CONTINUED)

The purpose of our audit work and to whom we owe our responsibilities

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.

Cathal Kelly

Cathal Kelly (Senior Statutory Auditor)
For and on behalf of
Grant Thornton
Chartered Accountants & Statutory Auditors
13-18 City Quay
Dublin 2
Ireland
5 September 2023

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Year ended 31 December 2022	Year ended 31 December 2021
		£	£
Management fees from parent company	1	478,879	255,846
Total revenue		**478,879**	**255,846**
General and administrative expenses	2	(547,738)	(297,507)
Provision for doubtful intercompany receivable	10	(114,621)	(1,553,219)
Operating foreign exchange losses		(521,617)	(89,635)
Operating loss		**(705,097)**	**(1,684,515)**
Other income		16,961	219
Finance income	7	782	-
Loss before taxation		**(687,354)**	**(1,684,296)**
Income tax expense	4	-	-
Loss for the year		**(687,354)**	**(1,684,296)**
Other comprehensive income		-	-
Total comprehensive expense		**(687,354)**	**(1,684,296)**

All operations are considered to be continuing.

The accompanying accounting policies and notes on pages 16 to 30 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	As at 31 December 2022 £	As at 31 December 2021 £
Assets			
Non-current assets			
Property, plant and equipment	8	536	892
Investment in subsidiaries	9	2,743	1,277
Trade and other receivables	10	-	-
Total non-current assets		**3,279**	**2,169**
Current assets			
Trade and other receivables	10	29,030	29,155
Cash and cash equivalents		12,527	8,365
Total current assets		**41,557**	**37,520**
Total assets		**44,836**	**39,689**
Liabilities			
Current liabilities			
Trade and other payables	11	(7,530,170)	(6,837,669)
Total current liabilities		**(7,530,170)**	**(6,837,669)**
Total liabilities		**(7,530,170)**	**(6,837,669)**
Net liabilities		**(7,485,334)**	**(6,797,980)**
Shareholders' deficit			
Called-up share capital	12	4,446,129	4,446,129
Share premium		77,638,905	77,638,905
Share based payments reserve	13	1,672,710	1,672,710
Accumulated losses		(91,243,078)	(90,555,724)
Total deficit		**(7,485,334)**	**(6,797,980)**

The accompanying accounting policies and notes on pages 16 to 30 form an integral part of these financial statements.

These financial statements on pages 12 to 15 were approved by the Director on 5 September 2023 and signed on its behalf by:

Eytan Uliel

Director

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

	Year ended 31 December2022 £	Year ended 31 December2021 £
Cash outflow from operating activities		
Loss before taxation	(687,354)	(1,684,296)
(Increase)/decrease in trade and other receivables	(1,341)	6,197
Decrease in trade and other payables	(535,143)	(301,204)
Provision for doubtful recovery of intercompany receivable (Note 10)	114,621	1,553,219
Amortisation and depreciation	356	505
Other income	(16,961)	(219)
Expenses settled via shares issued in parent company (Note 16)	75,000	-
Interest and finance income	(782)	-
Foreign exchange loss on operating activities	521,617	89,635
Net cash outflow from operating activities	**(529,987)**	**(336,163)**
Cash flows from investing activities		
Loans granted to subsidiaries	(113,840)	(1,553,219)
Other income received	-	219
Net cash outflow from investing activities	**(113,840)**	**(1,553,000)**
Cash flows from financing activities		
Proceeds of parent loan	647,916	1,885,399
Net cash inflow from financing activities	**647,916**	**1,885,399**
Net increase/(decrease) in cash and cash equivalents	**4,089**	**(3,764)**
Effects of exchange rate changes on cash and cash equivalents	73	(452)
Cash and cash equivalents at beginning of year	8,365	12,581
Cash and cash equivalents at end of year	**12,527**	**8,365**

The accompanying accounting policies and notes on pages 16 to 30 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Called-up share capital	Share premium	Share based payments reserve	Accumulated losses	Total Deficit
	£	£	£	£	£
Total equity at 1 January 2021	4,446,129	77,638,905	1,672,710	(88,871,428)	(5,113,684)
Loss for the year	-	-	-	(1,684,296)	(1,684,296)
Total comprehensive expense	-	-	-	(1,684,296)	(1,684,296)
Total contributions by and distributions to owners of the Company	-	-	-	-	-
As at 31 December 2021	4,446,129	77,638,905	1,672,710	(90,555,724)	(6,797,980)
Total equity at the beginning of the financial year	4,446,129	77,638,905	1,672,710	(90,555,724)	(6,797,980)
Loss for the year	-	-	-	(687,354)	(687,354)
Total comprehensive expense	-	-	-	(687,354)	(687,354)
Total contributions by and distributions to owners of the Company	-	-	-	-	-
As at 31 December 2022	4,446,129	77,638,905	1,672,710	(91,243,078)	(7,485,334)

The accompanying accounting policies and notes on pages 16 to 30 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1 Summary of significant accounting policies

1.01 General information and authorisation of financial statements

Columbus Energy Resources Limited is a private company registered in the United Kingdom under the Companies Act 2006. The address of its registered office is 71-91 Aldwych, London, WC2B 4HN. The financial statements of Columbus Energy Resources Limited for the year ended 31 December 2022 were authorised for issue by the Board on 5 September 2023 and the Statement of Financial Position signed on the Board's behalf by Mr Eytan Uliel.

1.02 Statement of compliance

The Company's separate financial statements have been prepared in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006. The principal accounting policies adopted by the Company are set out below.

Some accounting pronouncements which have become effective from 1 January 2022 and have therefore been adopted do not have a significant impact on the company's financial results or position.

New and revised standards and interpretations not applied

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB or IFRIC. None of these Standards or amendments to existing Standards have been adopted early by the Company and no Interpretations have been issued that are applicable and need to be taken into consideration by the Company at either reporting date.

These standards are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

1.03 Basis of preparation

The financial statements have been prepared on the historical cost basis, except for the measurement of certain assets and financial instruments at fair value as described in the accounting policies below.

The financial statements have been prepared on a going concern basis, refer to note 1.21 for more details, including the Company's dependence on parent company support and fundamental uncertainties.

The financial report is presented in Pound Sterling (£) and all values are rounded to the nearest (£) unless otherwise stated.

The Company is exempt from preparing consolidated financial statements under Section 401 of the Companies Act 2006 as it is a wholly owned subsidiary undertaking of a parent company that prepares group financial statements outside of the UK, and in accordance with paragraph 4 (a) of IFRS 10 'Consolidated Financial Statements'.

1.04 Property, plant and equipment

Property, plant and equipment is stated in the Statement of Financial Position at cost less accumulated depreciation and any recognised impairment loss. Depreciation on property, plant and equipment is provided at rates calculated to write off the cost less estimated residual value of each asset on a straight-line basis over its expected useful economic life of four years (computer equipment). Leasehold improvements are classified as property, plant and equipment and are depreciated on a straight-line basis over the period of the lease.

1.05 Revenue recognition

Revenue represents amounts invoiced in respect of management services and is recognised in the period during which the provision of services to which the income relates take place. The Management Services Agreement currently in place with parent and subsidiary companies provides that management services are charged at full cost with a 5% mark-up.

1.06 Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of each transaction. Foreign currency monetary assets and liabilities are retranslated using the exchange rates at the reporting date. Gains and losses arising from changes in exchange rates after the date of the transaction are recognised in the Statement of Comprehensive Income. This treatment of monetary items extends to the Company's intercompany loans whereby gains and losses arising from changes in the exchange rate after the date of transaction are also recognised in the Statement of Comprehensive Income. Intercompany loans are provided to subsidiaries with the expectation that these loans will be collected in the foreseeable future. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated at the exchange rate at the date of the original transaction.

The financial statements are presented in Pounds Sterling ("£"), which is the functional currency of the company.

1.07 Leases

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

1.08 Financial instruments

Financial assets

The Company classifies its financial assets as financial assets held at amortised cost. Management determines the classification of its financial assets at initial recognition.

The Company classifies its financial assets as financial assets held at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Measurement

Financial assets held at amortised cost are initially recognised at fair value, and are subsequently stated at amortised cost using the effective interest method. Financial assets at amortised cost comprise 'cash and cash equivalents' at variable interest rates and 'trade and other receivables' excluding 'prepayments'.

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets held at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company is required to assess the carrying values of each of the amounts due from subsidiary undertakings, considering the requirements established by IFRS 9 Financial Instruments. The IFRS 9 impairment model requires the recognition of 'expected credit losses', in contrast to the requirement to recognise 'incurred credit losses' under IAS 39. Where conditions exist for impairment on amounts due from subsidiary undertakings expected credit losses assume that repayment of a loan is demanded at the reporting date. If the subsidiary has sufficient liquid assets to repay the loan if demanded at the reporting date, the expected credit loss is likely to be immaterial. However, if the subsidiary cannot demonstrate the ability to repay the loan, if demanded at the reporting date, the Company calculates an expected credit loss. This calculation considers the percentage of loss of the amount due from subsidiary undertakings, which involves judgement around how amounts would likely be recovered, and over what time they would be recovered.

Refer to note 1.21 for further analysis of recoverability of intercompany loans.

Financial liabilities

The Company classifies its financial liabilities as other financial liabilities. Other financial liabilities are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method. Other financial liabilities consist of 'trade and other payables'. Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the financial period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

1.09 Cash and cash equivalents

Cash and cash equivalents includes cash on hand and deposits held at call with financial institutions with original maturities of three months or less.

1.10 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are deducted, net of tax, from the share premium. Net proceeds are disclosed in the statement of changes in equity.

1.11 Finance costs

Borrowing costs are recognised as an expense when incurred.

1.12 Borrowings

Borrowings are recognised initially at fair value, net of any applicable transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method (if applicable).

Interest on borrowings is accrued as applicable to that class of borrowing.

1.13 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

1.14 Dividends

Dividends are reported as a movement in equity in the period in which they are approved by the shareholders.

1.15 *Taxation*

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

Current tax, including UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial information and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and adjusted to the extent that it is 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 income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

1.16 Impairment of assets

At each balance sheet date, the Company assesses whether there is any indication that its investments in subsidiaries and property, plant and equipment have been impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. The value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. This present value is discounted using a pre-tax rate that reflects current market assessments of the time value of money and of the risks specific to the asset, for which future cash flow estimates have not been adjusted. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is recognised as an impairment loss.

The Company's impairment policy is to recognise a loss relating to assets carried at cost less any accumulated depreciation or amortisation immediately in the Statement of Comprehensive Income.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount but limited to the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised in the Statement of Comprehensive Income.

1.17 Employee benefits

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Share-based payments

Where equity settled share-based instruments are awarded to employees or Director, the fair value of the instruments at the date of grant is charged to the statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of instruments that eventually vest. Market vesting conditions are factored into the fair value of the instruments granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where equity instruments are granted to persons other than employees or Director, the statement of comprehensive income is charged with the fair value of goods and services received.

Bonuses
The Company recognises a liability and an expense for bonuses. Bonuses are approved by the Board and a number of factors are taken into consideration when determining the amount of any bonus payable, including the recipient's existing salary, length of service and merit. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Pension obligations
For defined contribution plans, the Company pays contributions to privately administered pension plans. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due.

Termination benefits
Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to a termination and when the entity has a detailed formal plan to terminate the employment of current employees without the possibility of withdrawal. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

1.18 Share premium reserve

This reserve includes the amounts allocated to share capital above the nominal value of ordinary shares. Costs of share issues are written off against the premium arising on the issues of share capital.

1.19 Share based payments reserve

This reserve is used to record the value of equity benefits provided to employees and Director as part of their remuneration and provided to consultants and advisors hired by the Company from time to time as part of the consideration paid.

1.20 Investments in subsidiaries

Investments in subsidiaries are recognised at initial cost of acquisition, less any impairment to date. The carrying value of investments is reviewed annually to ensure it is not in excess of the recoverable amount of these investments.

1.21 Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Recoverability of Intercompany Loans
The investment in the Company's direct subsidiaries and amounts owed by subsidiary undertakings at 31 December 2022 stood at £2,743 (2021: £1,277) and £nil (2021: £nil) respectively.

The ultimate recoverability of investments in subsidiaries and amounts owed by subsidiary undertakings is dependent on the successful development and commercial exploitation increasing production through optimisation of existing wells, drilling of new infill wells and or the application of improved oil recovery methods, or alternatively, the sale of the respective licence areas. The carrying value of the Company's investments in subsidiaries is reviewed at each balance sheet date and, if there is any indication of impairment, the recoverable amount is estimated. Estimates of impairments are limited to an assessment by the director of any events or changes in circumstances that would indicate that the carrying values of the assets may not be fully recoverable. Similarly, the expected credit losses on the amounts owed by subsidiary undertakings are intrinsically linked to the recoverable amount of the underlying assets. Any impairment losses arising are charged to the statement of comprehensive income.

During the year ended 31 December 2022 and based on the financial position of the Challenger Energy Group as a whole, an allowance for expected credit losses of £114,621 (2021: £1,553,219) was provided for in respect of the recoverability of amounts due from subsidiary undertakings and as a result, the entire amount due from subsidiary undertakings was fully provided for. Should the operating performance of the subsidiaries with whom the balances are held improve in future periods then the provision for expected credit losses may be reversed in part or in whole. However, there can be no certainty in this regard. Refer to note 10 for further information.

Going concern
The company meets its day to day working capital requirements by the support of CEG Plc, its parent undertaking through the following actions:

i) Not seeking the repayment of amounts advanced to the Company by CEG Plc, and/or other members of the Parent group unless adequate alternative financing has been secured by the Company; and
ii) Advancing further amounts to the Company as required by the Company.

The Director believes it is appropriate to prepare the financial statements on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future on the basis of the Company's plans and the continued support of the parent undertaking.

1.21 Critical accounting estimates and assumptions (continued)

As noted in the note 1 of the Parent Company's Group financial statements for the year ended 31 December 2022 released on 28 June 2023, the CEG Group financial statements have been prepared on a going concern basis, which assumes that the CEG Group will continue in operation for the foreseeable future.

The CEG Group had incurred an operating loss of $4.2 million for the financial year ended 31 December 2022 and the CEG Group's current liabilities exceeded current assets by approximately $2.0 million as of 31 December 2022. At 31 December 2022 the CEG Group had approximately $2.5 million in unrestricted cash funding and at the date of authorisation of CEG Group's financial statements, the CEG Group had approximately $1.3 million in unrestricted cash funding. In addition, the CEG Group had approximately $0.5m in restricted cash holdings in support of minimum work obligations in Uruguay, for which the work has been substantially completed as at the date of this report. In addition, The CEG Group has several high-probability sources of cash inflows expected over the next 12 months to enable the CEG Group to continue as a going concern for the foreseeable future. These include:

1. Contracted proceeds from sale of Cory Moruga licence in Trinidad.

   In December 2022, the CEG Group announced the sale of Cory Moruga licence onshore Trinidad and Tobago for a consideration of up to US$3 million of which US$1 million is payable upon completion, US$1 million in six months from completion and a further US$1 million contingent upon Cory Moruga field achieving 100 barrels of oil per day production. Cory Moruga licence is presently a dormant licence with previously discovered and tested oil resource. The sale is fully documented and not subject to any conditions to completion other than consent from the Trinidadian Ministry of Energy and Energy Industries ("MEEI"), which remains outstanding. The CEG Group, in conjunction with the acquirer, have been in discussions with MEEI and anticipates consent being obtained and completion of the sale transaction within 3Q 2023. A successful completion would result in the CEG Group receiving US$2 million in cash consideration within six months from completion.

2. Potential inflows from successful farm-out of the AREA OFF-1 licence in Uruguay.

   The CEG Group had been in discussions with various industry participants in relation to potential farm-out / partnership options for the AREA OFF-1 licence in Uruguay. In June 2023, a formal adviser-led process was commenced with the objective of securing an industry partner to farm-out the AREA OFF-1 licence by the end of 2023. In the event of a successful farm-out, the CEG Group expects significant upfront cash consideration, consistent with typical transactions of this nature in the international oil and gas industry. The CEG Group is confident that a farm-out transaction can be successfully achieved in this timeframe, because (i) multiple high-quality energy majors are presently engaged in the farm-out process, undertaking due diligence as at the date of this report; (ii) the Group's technical work to-date has resulted in identification and definition of three prospects with an estimated recoverable resource of approximately 2 billion barrels (Pmean) and up to 5 billion barrels in an upside case (P10) establishing that AREA OFF-1 is a high-quality asset of scale, material to any player in the global industry, and (iii) the Group Directors consider successful completion of the farm-out process to be highly probable in light of the recent industry developments – namely significant offshore discoveries in Namibia (Uruguay is considered to be geological mirror of the offshore Namibia basins), and substantial industry interest in offshore Uruguay acreage in the past 12 months, evidenced by licencing activity in the recent Uruguayan licencing rounds that has resulted in all available acreage now having been awarded to industry majors (Shell, APA Corporation and YPF) along with several other interested global oil majors not securing any acreage.

3. Sale of other non-core assets

   The CEG Group is also in discussions in relation to the potential sale of other non-core assets in its portfolio. A successful completion of any transaction of this nature would result in the CEG Group receiving cash consideration, thus increasing its available cash reserves.

In addition to the above, the Director notes that the CEG Group is a publicly listed company on a recognised stock exchange, thus affording the ability to raise capital equity, debt and/or hybrid financing alternatives as and when the need arises. The CEG Group has a robust track record in this regard, having raised in excess of US$100 million in equity and alternative financing in the past five years. Based on the CEG Group's attractive asset portfolio and history of capital raising, the Director is of the view that if required (i.e., in the event sources of cash inflows discussed above do not materialise as and when expected) the CEG Group will be able to source fresh capital on short notice. As such, the Director has prepared the financial statements on a going concern basis and consider it to be reasonable.

On 30 August 2023 the CEG Group announced the establishment of a £3.3 million convertible loan note funding facility of which £0.55 million has initially been drawn down, with future drawdown of the remainder at the Group's option. This facility provides the CEG Group with sufficient cash resources to cover the funding requirements of the Group and bridge any funding gaps over the course of the next 12 months.

As at the date of this report the company is reliant on the CEG Group to provide ongoing financing and has received a letter of support from CEG PLC confirming its intention to continue to provide this support for the foreseeable future.

These financial statements do not include the adjustments that would result if the CEG Group was not able to continue to provide its support to the Company and the Company was unable to continue as a going concern.

2 Operating loss	2022	2021
	£	£
Operating loss is arrived at after charging:		
Fees payable to the Company's auditor for:		
-the audit of the Company	10,400	14,500
General and administrative expenses		
Depreciation and amortisation	356	505
Employee costs	456,076	207,848
Investor relations	196	-
IT & communication	12,079	1,758
Operating lease	46,689	23,729
Professional fees	6,073	39,479
Regulatory fees	16,178	20,581
Other expenses	10,091	3,607
	547,738	**297,507**

3 Employee information (excluding Director)	2022	2021
	£	£
Staff costs:		
Wages and salaries	378,531	171,304
Social security costs	49,441	20,171
Other pension costs	28,104	16,373
Total	**456,076**	**207,848**
	Number	**Number**
The average number of employees working on a full-time equivalent basis:		
Management	4	3
Administration	1	1
Total	**5**	**4**

4 Taxation	2022	2021
	£	£
Analysis of tax charge in the year		
Tax charge on ordinary activities	-	-
Factors affecting the tax charge for the year:		
Loss on ordinary activities before tax	687,354	1,684,296
Standard rate of corporation tax in the UK	19%	19%
Loss on ordinary activities multiplied by the standard rate of corporation tax	130,597	320,016
Effects of:		
Non-deductible expenses	(211)	(100)
Capital allowances	3,312	4,039
Future tax benefit not brought to account	(133,698)	(323,955)
Current tax charge for the year	-	-

As at the 31 December 2022 the Company had an unrecognised deferred tax asset of £4,178,119 (2021: £4,044,421) calculated at 19% of estimated losses totalling £21,990,101 (2021: £21,286,424).

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

5 Dividends

During the year, no dividends were paid or proposed by the Director (2021: nil).

6 Director's remuneration

	2022	2021
	£	£
Director's remuneration	-	-

7 Finance income

	2022	2021
	£	£
Loan interest received	782	-
Total	**782**	-

8 Property, plant and equipment

	Computer equipment £	Total £
__Cost__		
As at 1 January 2022	18,475	18,475
Additions	-	-
As at 31 December 2022	**18,475**	**18,475**
__Depreciation and Impairment__		
As at 1 January 2022	17,583	17,583
Depreciation	356	356
As at 31 December 2022	**17,939**	**17,939**
__Net book value__		
As at 31 December 2022	**536**	**536**
As at 31 December 2021	892	892

Property, plant and equipment

	Computer equipment £	Total £
__Cost__		
As at 1 January 2021	18,475	18,475
Additions	-	-
As at 31 December 2021	**18,475**	**18,475**
__Depreciation and Impairment__		
As at 1 January 2021	17,078	17,078
Depreciation	505	505
As at 31 December 2021	**17,583**	**17,583**
__Net book value__		
As at 31 December 2021	**892**	**892**
As at 31 December 2020	1,397	1,397

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

9		2022	2021
	Investment in subsidiaries	£	£
	Cost		
	As at 1 January	1,277	1,277
	Additions*	1,466	-
	Disposals	-	-
	As at 31 December	**2,743**	**1,277**

* During the year, the investments held in Columbus Energy (Cyprus) Ltd and Leni Gas and Oil US Inc were transferred from Columbus Energy Holdings Ltd and Columbus Energy Byron Ltd respectively and transferred to Columbus Energy Resources Limited which now holds these investments directly. The transfers took place through a nominal value share purchase agreement.

Columbus Energy Resources Limited, holds 100% of the share capital of the following companies:

Company	Country of registration	Proportion held	Address of registered office
Direct			
Columbus Energy Holdings Ltd	Cyprus	100%	Florinis 7, Greg Tower, 2nd floor P.C.1065, Nicosia, Cyprus
Columbus Energy (Cyprus) Ltd	Cyprus	100%	Florinis 7, Greg Tower, 2nd floor P.C.1065, Nicosia, Cyprus
Columbus Energy Resources South America B.V.	Netherlands	100%	Kraanspoor 50, Amsterdam, 1033SE, Netherlands
BPC Uruguay Holdings Ltd	United Kingdom	100%	71-91 Aldwych, London, WC2B 4HN, UK
Leni Gas and Oil US Inc.	United States	100%	301 N Market St, Wilmington, DE 19801-2529, USA
Indirect			
Via Columbus Energy Holdings Ltd			
Columbus Energy CPS (Cyprus) Ltd	Cyprus	100%	Florinis 7, Greg Tower, 2nd floor P.C.1065, Nicosia, Cyprus
Columbus Energy Byron Ltd	Cyprus	100%	Florinis 7, Greg Tower, 2nd floor P.C.1065, Nicosia, Cyprus
Columbus Energy Investments Ltd	Cyprus	100%	Florinis 7, Greg Tower, 2nd floor P.C.1065, Nicosia, Cyprusloor
Via Columbus Energy CPS (Cyprus) Ltd			
Compañia Petrolifera de Sedano S.L.U.	Spain	100%	C/ José Abascal nº 57, 5º Izqda. 28003 Madrid, Spain
Via Columbus Energy (Cyprus) Ltd			
Columbus Energy (St Lucia) Ltd	St Lucia	100%	10 Manoel St, Castries, St. Lucia.
Via Columbus Energy (St Lucia) Ltd			
CEG ICACOS Trinidad Ltd	Trinidad & Tobago	100%	Unit 1, Bldg 1, 61-67 Cipero Road, Retrench, San Fernando, Trinidad
CEG Management Services Trinidad Ltd	Trinidad & Tobago	100%	Unit 1, Bldg 1, 61-67 Cipero Road, Retrench, San Fernando, Trinidad
CEG Goudron Trinidad Ltd	Trinidad & Tobago	100%	Unit 1, Bldg 1, 61-67 Cipero Road, Retrench, San Fernando, Trinidad
CEG Energy Bonasse Limited	Trinidad & Tobago	100%	Unit 1, Bldg 1, 61-67 Cipero Road, Retrench, San Fernando, Trinidad
Caribbean Rex Ltd	St Lucia	100%	10 Manoel St, Castries, St. Lucia.
Steeldrum Oil Company Inc	St Lucia	100%	10 Manoel St, Castries, St. Lucia.
Steeldrum Petroleum Group Ltd	Trinidad & Tobago	100%	Unit 1, Bldg 1, 61-67 Cipero Road, Retrench, San Fernando, Trinidad
CEG Inniss-Trinity Trinidad Ltd	Trinidad & Tobago	100%	Unit 1, Bldg 1, 61-67 Cipero Road, Retrench, San Fernando, Trinidad
CEG South Erin Trinidad Ltd	Trinidad & Tobago	100%	Unit 1, Bldg 1, 61-67 Cipero Road, Retrench, San Fernando, Trinidad
Cory Moruga Holdings Ltd	Trinidad & Tobago	100%	Unit 1, Bldg 1, 61-67 Cipero Road, Retrench, San Fernando, Trinidad
West Indian Energy Group Ltd	Trinidad & Tobago	100%	Unit 1, Bldg 1, 61-67 Cipero Road, Retrench, San Fernando, Trinidad
T-REX Resources (Trinidad) Ltd	Trinidad & Tobago	100%	Unit 1, Bldg 1, 61-67 Cipero Road, Retrench, San Fernando, Trinidad
CEG Well Services Trinidad Ltd	Trinidad & Tobago	100%	Unit 1, Bldg 1, 61-67 Cipero Road, Retrench, San Fernando, Trinidad
Via BPC Uruguay Holdings Limited			
BPC Uruguay S.A.	Uruguay	100%	World Trade Center III, 12th Floor Av. Luis Alberto Herrera 1248, 11300 Montevideo, Uruguay

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

10 Trade and other receivables

	2022	2021
	£	£
Current trade and other receivables		
Other receivable	258	-
Other deposits	8,070	-
VAT receivable	-	2,674
Prepayments	20,702	26,481
Total	**29,030**	**29,155**
Non-current trade and other receivables		
Loans due from subsidiaries*	52,578,555	52,463,934
Provision for doubtful intercompany receivable**	(52,578,555)	(52,463,934)
Total	-	-

*The loans due from subsidiaries are interest free with the exception of the loan to Columbus Energy Resources South America B.V. which charges an interest rate of 2.5% (2021: nil), have no fixed repayment date and are denominated in GBP.
**During the year ended 31 December 2022 and based on the financial position of the CEG Group as a whole, an allowance for expected credit losses of £114,621 (2021: £1,553,219) was provided for in respect of the recoverability of amounts due from subsidiary undertakings. As a result, the entire amount due from subsidiaries has been fully provided for.

11 Trade and other payables

	2022	2021
	£	£
Current trade and other payables		
Trade and other payables	12,772	38,882
Accruals	16,004	14,500
VAT payable	96,201	-
Loans due to parent (*)	7,405,193	6,784,287
Total	**7,530,170**	**6,837,669**

(*) The intercompany loan from the CEG Group is interest free and repayable on demand, however CEG is not seeking the repayment of amounts advanced to the Company and is committed to advancing further amounts as required by the Company going forward. Refer to note 1.21 (Going concern) for discussion of the CEG Group policy regarding the repayment of Intercompany Loans and future financing to the wider CEG Group.

The net fair value of financial assets and liabilities approximates the carrying values disclosed in the financial statements.

12 Share capital

Called up, allotted, issued and fully paid ordinary shares of 0.05p each	**Number of shares**	**Nominal value**
		£
As at 31 December 2021	**943,040,487**	**471,519**
As at 31 December 2022	**943,040,487**	**471,519**

Deferred Shares

Deferred shares of 0.95p each	**Number of shares**	**Nominal value**
		£
As at 31 December 2021	**418,379,981**	**3,974,610**
As at 31 December 2022	**418,379,981**	**3,974,610**
Total Shares as at 31 December 2021	**1,361,420,468**	**4,446,129**
Total Shares as at 31 December 2022	**1,361,420,468**	**4,446,129**

During the year, no shares were issued (2021: nil).

At the end of 2022, the number of shares in issue comprised 943.0 million ordinary shares and 418.4 million deferred shares. The total authorised number of ordinary shares at 31 December 2022 was 1,163,233,192 shares with a par value of 0.05 pence per share (2021: 1,163,233,192 shares).

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank pari passu in all respects including voting rights and dividend entitlement. The holders of deferred shares have no voting rights and are not entitled to a dividend.

13 Share based payments

Share options

Prior to the merger with CEG in August 2020, the Company had an established share option plan to enable the issue of options as part of remuneration of key management personnel and Directors. Options were granted under the plan for no consideration. Options were granted for between a 5 and 7.5 year period. There were vesting conditions associated with the options. Options granted under the plan carried no dividend or voting rights.

Following the merger with CEG in August 2020, the remaining Company options held by former Directors or Management entitle holders to shares in CEG at the merger ratio, all of which is outlined in the Merger Scheme of Arrangement document. During the year ended 31 December 2021 CEG undertook a 1 for 10 share consolidation which further changes the number of options and strike price entitlements in relation to the existing Company options.

Under IFRS 2 'Share Based Payments', the Company determines the fair value of options issued to Directors and Employees as remuneration and recognises the amount as an expense in the income statement with a corresponding increase in equity. During the year ended 31 December 2022 and 2021 the following share options were granted:

Equity settled share options granted in 2022

Nil

Equity settled share options granted in 2021

Nil

The fair value of the options vested during the year was £nil (2021: £nil). The assessed fair value at grant date is determined using the Black-Scholes Model which, takes into account the exercise price, the term of the option, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. The fair value is then discounted for the probability of the options actually vesting. The expected price volatility reflects the assumption that the historical volatility is indicative of future trends which, may not necessarily be the actual outcome.

Options and warrants		**2022**		**2021**
	Average exercise price per share	**No. Options & Warrants**	**Average exercise price per share**	**No. Options & Warrants**
At beginning of year	**5.92p**	**102,758,343**	**6.05p**	**107,651,939**
Lapsed	6.54p	(59,272,136)	8.70p	(4,893,596)
Granted	-	-	-	-
Exchanged for CEG shares	-	-	-	-
Exercised	-	-	-	-
At end of year	**5.08p**	**43,486,207**	**5.92p**	**102,758,343**
Exercisable at end of year	-	-	-	-
Number of CEG Plc shares assuming options were exercised*	**63.24p**	**3,491,942**	**73.76p**	**8,251,495**

*Calculation adjustment to reflect the merger ratio of 0.803 and the 1 for 10 share consolidation impacting CEG Plc shares during the year.

During the year, no options were issued (2021: nil), 59.3 million options lapsed during the year (2021: 4.9 million), no options were cancelled in the year (2021: nil), no options were exercised during the year (2021: nil). The weighted average remaining contractual life of the options and warrants in issue at 31 December 2022 is 1.66 (2021: 1.46).

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

13 Share based payments (continued)

Total share options in issue

As at 31 December 2022 the options in issue were:

Exercise price	Vesting criteria	Expiry date	Options in issue
5.0-12.0p	8.0-24.0p	29 Jun 2023	3,000,000
2.5p	-	12 Feb 2024	2,250,000
2.5p	1 Jan 2020	12 Feb 2024	2,250,000
2.5p	1 Jan 2021	12 Feb 2024	2,250,000
2.5p	1 Jan 2022	12 Feb 2024	2,250,000
6p	-	11 Nov 2024	14,625,000
5.1p	-	18 Dec 2024	16,861,207
As at 31 December 2022			**43,486,207**

As at 31 December 2021 the options in issue were:

Exercise price	Vesting criteria	Expiry date	Options in issue
2.2-10.0p	4.0-20.0p	9 May 2022	15,000,000
2.2-10.0p	4.0-20.0p	14 Jun 2022	10,000,000
8.1p	-	12 Jul 2022	5,472,136
2.2-10.0p	4.0-20.0p	20 Aug 2022	18,800,000
5.0-12.0p	8.0-24.0p	31 Dec 2022	10,000,000
5.0-12.0p	8.0-24.0p	29 Jun 2023	3,000,000
2.5p	-	12 Feb 2024	2,250,000
2.5p	1 Jan 2020	12 Feb 2024	2,250,000
2.5p	1 Jan 2021	12 Feb 2024	2,250,000
2.5p	1 Jan 2022	12 Feb 2024	2,250,000
6p	-	11 Nov 2024	14,625,000
5.1p	-	18 Dec 2024	16,861,207
As at 31 December 2021			**102,758,343**

14 Financial instruments and risk management

The Company's activities expose it to a variety of financial risks: liquidity, foreign exchange, credit and capital risk. The Company's overall risk management programme focuses on minimising potential adverse effects on the financial performance of the Company and its subsidiaries and is ultimately driven from the parent company.

The Company's principle financial instruments comprise cash and loans to and from CEG Group undertakings. Prior to the merger with CEG on 7 August 2020 the Company also sourced external financing to fund CEG Group operations, following the merger all external loan facilities were extinguished.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach is to ensure that it will always have sufficient liquidity to meet its liabilities when due. It is the CEG Group's aim to ensure that sufficient liquidity will be made available to the Company which is also stipulated though a comfort letter signed by the ultimate parent company.

Detailed rolling cashflow forecasts are prepared for the Company, which assist in monitoring cashflow requirements and optimising its cash return on investments. Typically, the Company intends to ensure it has sufficient cash on demand and/or lines of credit to meet expected operational expenses, including the servicing of financial obligations.

Financial liabilities

The Company's financial liabilities comprise its trade and other payables and Intercompany loan payable to the parent. The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities. The amounts disclosure into the table are the contractual undiscounted cashflow. Balances due within 12 months equal their carrying balances, because the impact of discounting is not significant.

14 Financial instruments and risk management (continued)

Contractual maturities of financial liabilities at 31 December 2022	Less than 6 months £	6 to 12 months £	Between 1 and 2 years £	Repayment on demand* £	Total contractual cash outflows £	Carrying amount £
Trade and other payables	124,977	-	-	-	124,977	124,977
Intercompany loan due to parent*	-	-	-	7,405,193	7,405,193	7,405,193
Total	**124,977**	-	-	**7,405,193**	**7,530,170**	**7,530,170**

Contractual maturities of financial liabilities at 31 December 2021	Less than 6 months £	6 to 12 months £	Between 1 and 2 years £	Repayment on demand* £	Total contractual cash outflows £	Carrying amount £
Trade and other payables	53,382	-	-	-	53,382	53,382
Intercompany loan due to parent*	-	-	-	6,784,287	6,784,287	6,784,287
Total	**53,382**	-	-	**6,784,287**	**6,837,669**	**6,837,669**

*The intercompany Loan to the CEG Group is repayable on demand, however CEG is not seeking the repayment of amounts advanced to the Company and is committed to advancing further amounts as required by the Company going forward. Refer to note 1.21 (Going concern) for discussion of the CEG Group policy regarding the repayment of Intercompany Loans and future financing to the wider CEG Group.

Interest rate risk

At 31 December 2022 cash held in current accounts received no interest income (2021: nil) and therefore the interest rate risk is not considered significant. The company had no interest bearing borrowings at 31 December 2022 (2021: nil) and therefore do not present an interest rate risk.

The currency profile of the financial assets is as follows:

Cash and short-term deposits	2022	2021
	£	£
Sterling	9,964	7,138
Euros	2,397	819
US Dollars	166	408
Total	**12,527**	**8,365**

Foreign currency risk

The following table details the Company's sensitivity to a 10% increase and decrease in the Pound Sterling against the relevant foreign currencies of Euro, US Dollar. 10% represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated investments and other financial assets and liabilities and adjusts their translation at the year-end for a 10% change in foreign currency rates. The table below sets out the potential exposure, where the 10% increase or decrease refers to a strengthening or weakening of the Pound Sterling:

	Profit or loss sensitivity		Equity sensitivity	
	10% increase	*10% decrease*	*10% increase*	*10% decrease*
	£	£	£	£
Euro	36	(36)	36	(36)
US Dollar	(469,401)	469,401	(469,401)	469,401
Total	**(469,365)**	**469,365**	**(469,365)**	**469,365**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

14 Financial instruments and risk management (continued)

Rates of exchange to £1 used in the financial statements were as follows:

	As at 31 December 2022	Average for the year to 31 December 2022	As at 31 December 2021	Average for the year to 31 December 2021
Euro	1.128	1.174	1.193	1.163
US Dollar	1.210	1.237	1.350	1.376

Credit risk

Credit risk arises from cash balance held in bank, from prepayments to suppliers for services and from Intercompany Receivables for services and financing provided to subsidiaries. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. All suppliers are reviewed to assess the credit risk presented before entering into contractual relationships that give rise to prepaid balances.

Credit risk also arises on recoverability of loans due from subsidiary undertakings. Management assesses and manages these risks through regular budgeting and performance analysis. Refer to note 1.21 and note 10 for discussion on provision for intercompany loan receivables.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

For intercompany receivables the company assesses credit risk from discounted cashflows which are sensitive to the successful development or increasing production through optimisation of existing wells, drilling of new infill wells and or the application of improved recovery methods or alternatively the commercial exploitation or sale of the licence areas held.

Capital risk management

The parent company manages capital at the CEG Group level to ensure appropriate capital allocation to different CEG Group undertakings. Capital is defined by the CEG Group as all equity reserves, including share capital and share premium. The CEG Group's objectives when managing capital are to safeguard the CEG Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to support the CEG Group's business operations and maximise shareholder value. The CEG Group is not subject to any externally imposed capital requirements. Capital will be provided to the Company by other CEG Group undertakings, when and if needed for the Company to meet its obligations as they fall due.

15 Commitments and contingencies

Following the acquisition of a producing asset in Trinidad which took place in January 2008, the company has an obligation to settle the remaining purchase consideration once it receives all necessary permissions and assignments from the local Trinidad authorities. The contingent consideration agreed at the time of the transaction was the issue of 4 million then Leni Gas & Oil Plc shares. Given the changes to the Company after this transaction including various share reorganisations and the merger with CEG in August 2020, the company expects that any future settlement would be in CEG shares and subject to commercial negotiation.

There are no other material commitments or contingencies outstanding as at 31 December 2022.

16 Related party transactions

Transactions between the Company, its subsidiaries have been separately disclosed in the Statement of Comprehensive Income and the Statement of Cash flows. Balances at balance sheet date are stated in notes 10 and 11.

Remuneration of Key Management Personnel

The Director of the Company is considered to be the Key Management Personnel. Details of the remuneration of the Director of the Company are disclosed below, by each of the categories specified in IAS24 Related Party Disclosures.

	2022	2021
	£	£
Short-term employee benefits	-	-
Compensation for loss of office	-	-
Share-settled payments	-	-
Total	-	-

See note 6 for further details of the Director's remuneration and note 13 for details of the Director's share-based payment benefits.

Transactions between the Company and its subsidiaries / parent during the year are as follows:

	2022	2021
	£	£
Loans, goods and services provided to West Indian Energy Group Ltd	(7,134)	-
Loans, goods and services provided to Steeldrum Oil Company Inc (St Lucia)	70,000	-
Loans, goods and services provided to Columbus Energy (St Lucia) Ltd*	18,312,693	-
Loans, goods and services provided to Leni Gas and Oil US Inc.	-	-
Loans, goods and services provided to Compañia Petrolifera de Sedano S.L.U.	-	(1,274,429)
Loans, goods and services provided to Columbus Energy Holding Ltd (Cyprus)*	(18,374,265)	30,440
Loans, goods and services provided to Columbus Energy (Cyprus) Ltd*	101,216	-
Loans, goods and services provided by Challenger Energy Group PLC (Parent)**	(620,906)	(1,718,736)
Loans, goods and services provided to Columbus Energy Resources South America B.V.	5,519	6,533
Loans, goods and services provided to Columbus Energy Bonasse Ltd	-	-
Loans, goods and services provided to Goudron E&P Ltd	-	121,639
Loans, goods and services provided to Columbus Energy Services ltd	(2,867)	1,242,668
Loans, goods and services provided to Leni Trinidad Ltd	-	-
Loans, goods and services provided to FRAM Exploration (Trinidad) Ltd	-	-
Loans, goods and services provided to Jasmin Oil & Gas Ltd	-	-
Loans, goods and services provided to T-REX Resources (Trinidad) Ltd	-	-

*During the year ended 31 December 2022, a non-cash transfer of intercompany loan balances took place as part of a restructure of intercompany balances within the Company's subsidiaries. This included the transfer of a balance of £18,312,693 previously payable by Columbus Energy Holdings Ltd (Cyprus) to Columbus Energy (St Lucia) Limited. During the year, this balance was transferred to the Company with a corresponding reduction on the receivable balance owing from Columbus Energy (St Lucia) Limited.

**This balance includes a staff benefit of £75,000 worth of newly issued parent company shares awarded to two members of staff following a share placement that took place in 2022. A corresponding prepayment was recognised in the Company books and was wound down through monthly reductions in salaries payable in cash over the course of the year. The prepayment was fully written down at 31 December 2022.

17 Related party transactions (continued)

Parent undertaking

The immediate and ultimate parent undertaking is Challenger Energy Group PLC, a company registered in the Isle of Man. Challenger Energy Group PLC is both the largest and smallest group for which consolidated financial statements are prepared and of which the Company is a member and is therefore exempt from preparing consolidated financial statements. The Challenger Energy Group PLC financial statements are available to the public and may be obtained at the following address:

Challenger Energy Group PLC
The Engine House
Alexandra Road, Castletown
Isle of Man IM9 1TG

Website: https://www.cegplc.com/

There is no ultimate controlling party of the Group.

18 Events after the reporting period

On 30 August 2023 the CEG Group announced the establishment of a £3.3 million convertible loan note funding facility of which £0.55 million has initially been drawn down, with future drawdown of the remainder at the Group's option.