Registered number: 06490608

REPORT OF THE DIRECTORS AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

FOR

JERSEY PETROLEUM LTD

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JERSEY PETROLEUM LTD

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2020

DIRECTORS:	J A Benitz V J Gibbs R J Lansdell
SECRETARY:	MSP Secretaries Limited
REGISTERED OFFICE:	10 The Triangle NG2 Business Park Nottingham Nottinghamshire NG2 1AE
REGISTERED NUMBER:	06490608 (England and Wales)
INDEPENDENT AUDITORS:	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors The Capitol 431 Union Street Aberdeen AB11 6DA

The directors present their report with the audited financial statements of the company for the year ended 31 December 2020.

The principal activity of the Company is that of an upstream oil and gas business in the United Kingdom. Our assets are located in the Outer Moray Firth in the Central North Sea, the Greater Buchan Area sits in a prolific basin surrounded by iconic fields such as Forties and Buzzard as well as established routes for export of oil and gas.

HIGHLIGHTS

- Asset acquisition – 70% working interest and Operatorship in P2170 from Equinor
- Corporate acquisition – Cieco V&C (12% working interest in P2170 and its tax losses)
- Licensing Round Award – 32nd Round – Part-Block 20/5e (within the Greater Buchan Area acreage)
- De-risked and defined 172 MMboe of 2C Resources
- Concept Select has delivered a detailed low-carbon development concept with highly attractive economics

The position of the Group at the end of the year, as well as the principal risks and uncertainties facing the Group are included in full within the consolidated financial statements of the group which can be obtained from the address provided in note 13.

The directors do not recommend the payment of a dividend (2019: nil).

DIRECTORS
The directors of the company who were in office during the year and up to the date of signing the financial statements were as follows:

R J Lansdell
J A Benitz
V J Gibbs

GOING CONCERN
The Company's existence is contingent on the Group's success, as well as current levels of cash resources. The Group meets its day-to-day working capital requirements through its remaining cash reserves and the Company is reliant on the Group and ultimate parent company Jersey Oil and Gas plc (note 13). The Company is required to have sufficient resources to cover the expected running costs of the business for a period of at least 12 months after the issue of these financial statements. Further to the equity placing and offer for subscription concluded in April 2021 (net to the Group £15.8m), the Group has in a severe but plausible downside scenario surplus funds significantly in excess of the outstanding commitments to conclude the GBA Concept Select work programmes and the ongoing Operator *overheads and licence fees beyond November 2022. The farm-out process launched in March 2021 to secure a new partner and material* associated funding to progress the GBA Project through FEED and to FID and beyond is expected to conclude in Q3 2021. Subject to securing suitable funding from this process development work will continue at pace. Delays to the farm-out process may serve to slow the pace of development and may delay the date at which the project achieves FID. Given The Group currently owns and operates 100% of project, the rate at which The Group may choose to progress the project is entirely within its control and hence the Group's current cash reserves are therefore expected to more than exceed its estimated liabilities. Based on these circumstances, the Directors have considered it appropriate to adopt the going concern basis of accounting in preparing the Group's financial statements. The financial statements of the Company are prepared on a going concern basis due to the ongoing support provided by the ultimate parent company Jersey Oil & Gas Plc by way of letters of support.

Statement of directors' responsibilities in respect of the financial statements
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation. The financial statements have been prepared in accordance with the small companies regime and has taken exemption from preparing a strategic report.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).
Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 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 directors 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.
The directors are 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.

Directors' confirmations
In the case of each director in office at the date the directors' 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.

INDEPENDENT AUDITORS
The auditors, PricewaterhouseCoopers LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

....
Vicary Gibbs
Director

Date: 17 May 2021

Independent auditors' report to the members of Jersey Petroleum Ltd

Report on the audit of the financial statements

Opinion

In our opinion, Jersey Petroleum Ltd's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report Of The Directors And Financial Statements (the "Annual Report"), which comprise: the Statement Of Financial Position as at 31 December 2020; the Statement Of Comprehensive Income, and the Statement Of Changes In Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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 when the financial statements are authorised for issue.

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Report Of The Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Report Of The Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Report Of The Directors for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Report Of The Directors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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.

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. 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 Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006 and UK Tax Legislation, 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 financial statements such as the Companies Act 2006. 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 potential management bias in accounting estimates and disclosures on the future prospects of the company. Audit procedures performed by the engagement team included:

- Enquiries made of management and internal legal counsel of their awareness of any instances of actual or potential litigation and claims.
- Review of minutes of meetings of the Board of Directors.
- Review of financial statement disclosures and testing to supporting documentation where applicable, to assess compliance with applicable laws and regulations.
- Identifying and testing journal entries with specific focus on entries within unusual account combinations in response to the risk of management override.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies' exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Bruce Collins

Bruce Collins (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Aberdeen
17 May 2021

JERSEY PETROLEUM LTD

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	2019 £
REVENUE		**-**	-
Cost of sales		**(104,971)**	(660,860)
GROSS LOSS		**(104,971)**	(660,860)
Administrative expenses		**(1,649,473)**	(1,581,026)
Other operating income	3	**-**	750,000
OPERATING LOSS		**(1,754,444)**	(1,491,886)
Interest payable and similar expenses	4	**(134,888)**	(137,363)
LOSS BEFORE TAXATION	5	**(1,889,332)**	(1,629,249)
Tax on loss	6	**-**	-
LOSS FOR THE FINANCIAL YEAR		**(1,889,332)**	(1,629,249)
OTHER COMPREHENSIVE INCOME		**-**	-
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		**(1,889,332)**	(1,629,249)

JERSEY PETROLEUM LTD (REGISTERED NUMBER: 06490608)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 £	2020 £	2019 £	2019 £
ASSETS					
FIXED ASSETS					
Intangible assets	8		**14,991,295**		10,092,564
Property, plant and equipment	9		**5,973**		11,418
			14,997,268		10,103,982
CURRENT ASSETS					
Trade and other receivables	10	**314,054**		197,696	
Cash and cash equivalents		**52,229**		110,176	
			366,283		307,872
NET ASSETS			**15,363,551**		10,411,854
CAPITAL, RESERVES AND LIABILITIES					
CAPITAL AND RESERVES					
Called up share capital	11	**77,050**		77,050	
Accumulated losses		**(73,677,497)**		(71,788,165)	
TOTAL SHAREHOLDERS' DEFICIT			**(73,600,447)**		(71,711,115)
CREDITORS					
Amounts falling due within one year	12		**88,963,998**		82,122,969
			15,363,551		10,411,854

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

The notes on pages 10 to 16 form part of the financial statements.

The financial statements on pages 7 to 9 were approved by the Board of Directors on 17 May 2021 and were signed on its behalf by:

Vicary Gibbs

....

Vicary Gibbs
Director

JERSEY PETROLEUM LTD

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital £	Accumulated losses £	Total Shareholders deficit £
Balance at 1 January 2019	77,050	(70,158,916)	(70,081,866)
Changes in equity			
Loss and total comprehensive expense	-	(1,629,249)	(1,629,249)
Balance at 31 December 2019	77,050	(71,788,165)	(71,711,115)
Changes in equity			
Loss and total comprehensive expense	-	(1,889,332)	(1,889,332)
Balance at 31 December 2020	77,050	(73,677,497)	(73,600,447)

1. **STATUTORY INFORMATION**

Jersey Petroleum Ltd is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page (page 1).

2. **ACCOUNTING POLICIES**

Basis of preparation
These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006 as applicable to companies using FRS 101. The financial statements have been prepared under the historical cost convention. The accounting policies have been consistently applied to all the periods presented, unless otherwise stated.

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

ï the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment;
ï the requirements of IFRS 7 Financial Instruments: Disclosures;
ï the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
ï the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
ï paragraph 79(a)(iv) of IAS 1;
ï paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;

ï the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
ï the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets.

Going Concern
The Company's existence is contingent on the Group's success, as well as current levels of cash resources. The Group meets its day-to-day working capital requirements through its remaining cash reserves and the Company is reliant on the Group and ultimate parent company Jersey Oil and Gas plc (note 13). The Company is required to have sufficient resources to cover the expected running costs of the business for a period of at least 12 months after the issue of these financial statements. Further to the equity placing and offer for subscription concluded in April 2021 (net to the Group £15.8m), the Group has in a severe but plausible downside scenario surplus funds significantly in excess of the outstanding commitments to conclude the GBA Concept Select work programmes and the ongoing Operator overheads and licence fees beyond November 2022. The farm-out process launched in March 2021 to secure a new partner and material associated funding to progress the GBA Project through FEED and to FID and beyond is expected to conclude in Q3 2021. Subject to securing suitable funding from this process development work will continue at pace. Delays to the farm-out process may serve to slow the pace of development and may delay the date at which the project achieves FID. Given The Group currently owns and operates 100% of project, the rate at which The Group may choose to progress the project is entirely within its control and hence the Group's current cash reserves are therefore expected to more than exceed its estimated liabilities. Based on these circumstances, the Directors have considered it appropriate to adopt the going concern basis of accounting in preparing the Group's financial statements. The financial statements of the Company are prepared on a going concern basis due to the ongoing support provided by the ultimate parent company Jersey Oil & Gas Plc by way of letters of support.

Tangible fixed assets
Fixed assets are recognised at cost, depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery etc - 33% on cost

Significant Accounting Judgements and Estimates
The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities at the date of the financial statements. If in future such estimates and assumptions, which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change. The Company's accounting policy makes use of accounting estimates and judgements when making assessments of the existence of impairment triggers (see note 8). This is considered the only significant accounting estimate or judgement impacting the financial statements.

Financial Instruments
Financial assets and financial liabilities are recognised in the Company's Statement of Financial Position when the Group becomes party to the contractual provisions of the instrument. The Group does not have any derivative financial instruments.

Cash and cash equivalents include cash in hand and deposits held on call with banks with a maturity of three months or less.

The simplified approach requires expected lifetime losses to be recognised from initial recognition of the receivables. This involves determining the expected loss rates using a provision matrix that is based on the company's historical default rates observed over the expected life of the receivable and adjusted forward-looking estimates. This is then applied to the gross carrying amount of the receivable to arrive at the loss allowance for the period.

The three-stage approach assesses impairment based on changes in credit risk since initial recognition using the past due criterion and other qualitative indicators such as increase in political concerns or other macroeconomic factors and the risk of legal action, sanction or other regulatory penalties that may impair future financial performance. Financial assets classified as stage 1 have the ECL measured as a proportion of their lifetime ECL that results from possible default events that can occur within one year, while assets in stage 2 or 3 have their ECL measured on a lifetime basis. If the borrower has sufficient accessible highly liquid assets in order to repay the loan if demanded at the reporting date, the expected credit loss is considered immaterial.

If the borrower does not have sufficient accessible highly liquid assets, the ECL is determined by projecting the probability of default (PD), loss given default (LGD) and exposure at default (EAD).

The PD is based on default rates determined by external rating agencies for the counterparties. The LGD is determined based on management's estimate of expected cash recoveries after considering the historical pattern of the receivable, and it assesses the portion of the outstanding receivable that is deemed to be irrecoverable at the reporting period. For intercompany balances, the discounted cashflows of the lender are also considered in calculating the LGD. The EAD is the total amount of outstanding receivable at the reporting period.

These three components are multiplied together, and adjusted for forward looking information, such as crude oil prices, to arrive at a summed ECL in relation to base, optimistic and downturn scenarios, that carry different probability weightings.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the related financial assets and the amount of the loss is recognised in the statement of comprehensive income.

Trade payables are stated initially at fair value and subsequently measured at amortised cost.

Acquisitions, Asset Purchases and Disposals
Acquisitions of oil and gas properties are accounted for under the purchase method where the acquisitions meet the definition of a business combination. Transactions involving the purchase of an individual field interest, farm-ins, farm-outs, or acquisitions of exploration and evaluation licences for which a development decision has not yet been made that do not qualify as a business combination, are treated as asset purchases. Accordingly, no goodwill or deferred tax arises. The purchase consideration is allocated to the assets and liabilities purchased on an appropriate basis. Proceeds on disposal (including farm-ins/farm-outs) are applied to the carrying amount of the specific intangible asset or development and production assets disposed of and any surplus is recorded as a gain on disposal.

Intangible assets are recognised at acquisition at the cost paid using the cost accumulation model. Variable payments are not included in the carrying amount of the asset at acquisition, and no liability is recognised for the contingent consideration. The Group does not recognise a liability because, following the agenda decision, it is not clear that there is an obligation before the uncertainty is resolved.

Exploration and Evaluation Costs
The Company accounts for oil and gas exploration and evaluation costs using IFRS 6 "Exploration for and Evaluation of Mineral Resources". Such costs are initially capitalised as Intangible Assets and include payments to acquire the legal right to explore, together with the directly related costs of technical services and studies, seismic acquisition, exploratory drilling and testing. The Company only capitalises costs as intangible assets once the legal right to explore an area has been obtained. The Company assesses the intangible assets for indicators of impairment at each reporting date.

Potential indicators of impairment include but are not limited to:

a) The period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed.
b) Substantive expenditure on further exploration for and evaluation of oil and gas reserves in the specific area is neither budgeted nor planned.
c) Exploration for and evaluation of oil and gas reserves in the specific area have not led to the discovery of commercially viable quantities of oil and gas reserves and the entity has decided to discontinue such activities in the specific area.
d) Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

In the event an impairment trigger is identified the Company performs a full impairment test for the asset under the requirements of IAS 36 Impairment of assets. An impairment loss is recognised for the amount by which the exploration and evaluation assets' carrying amount exceeds their recoverable amount. The recoverable amount is the higher of the exploration and evaluation assets' fair value less costs to sell.

Cost of Sales
Within the statement of comprehensive income, costs directly associated with new licensing round activities and various data and service costs associated with these activities are included in cost of sales. The Company only capitalises costs as intangible assets once the legal right to explore an area has been obtained, any costs incurred prior to the date of acquisition are recognised as cost of sales within the Statement of Comprehensive Income.

Joint Ventures
The Company participates in joint venture/operation agreements with strategic partners. Given the contractual rights and obligations determined by the joint operating agreements, the Company accounts for its share of assets, liabilities, income and expenditure of these joint venture agreements and discloses the details in the appropriate Statement of Financial Position and Statement of Comprehensive Income headings in the proportion that relates to the Company per the joint venture agreement.

Taxation
Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

Deferred Tax
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred taxation liabilities are provided, using the liability method, on all taxable temporary differences at the reporting date. 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 taxable profit nor the accounting profit. Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date.

Foreign currencies
The functional and presentational currency of the Group is Sterling. Monetary assets and liabilities in foreign currencies are translated into Sterling at the rates of exchange ruling at the reporting date. Transactions in foreign currencies are translated into Sterling at the rate of exchange ruling at the date of the transaction. Gains and losses arising on retranslation are recognised in the Statement of Comprehensive Income for the year.

Other Income
There was no other income in 2020. In 2019 it relates to proceeds received from settlements and is only recognised in the statement of comprehensive income when it is virtually certain the economic benefits will flow to the Group.

3. OTHER OPERATING INCOME

	2020	2019
	£	£
Settlement agreement with Total E&P UK Limited	-	750,000
	-	750,000

Settlement agreement with Total E&P UK Limited: Funds received from TEPUK in relation to TEPUK's termination of its 2013 farm-in to licence P2032, (Blocks 21/8c, 21/9c, 21/10c, 21/14a & 21/15b) received in May 2019.

4. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020	2019
	£	£
Loan note interest	**134,888**	137,363

5. LOSS BEFORE TAXATION

The loss before taxation (2019 - loss before taxation) is stated after charging/(crediting):

	2020	2019
	£	£
Cost of materials recognised as expense	**104,971**	660,860
Depreciation - owned assets	**4,706**	3,683
Foreign exchange differences	**(1,469)**	(4,254)

The Auditors' remuneration in respect of the statutory audit was borne by the immediate parent company, Jersey Oil and Gas Plc for both the current and preceding years and is estimated at a cost of £9,500 in each year.

6. TAX ON LOSS

Reconciliation of tax charge

	2020	2019
	£	£
Loss before tax	**(1,889,332)**	(1,629,249)
Tax at the domestic rate of 19% (2019: 19%)	**(358,973)**	(309,557)
Capital allowances in excess of depreciation	**(944,991)**	(1,120,843)
Expenses not deductible for tax purposes and non-taxable income	**25,629**	26,517
Deferred tax asset not recognised	**1,278,335**	1,403,883
Total tax expense reported in the Statement of Comprehensive Income	**-**	-

No liability to UK corporation tax arose for the year ended 31 December 2020 nor for the year ended 31 December 2019.

In April 2023 the rate of corporation tax will increase to 25%.

At the year end the usuable tax losses within the Company were approximately £43m. Ring fence corporation tax applies at a rate of 30% to companies engaged in UK oil extraction activities. The supplementary corporation tax charge (SCT) is 10%. SCT is payable on ring fence profits adjusted for finance costs and investment allowances. The combined rate of ring fence corporation tax and supplementary charge is 40%.

During the year (in November 2020) Jersey Oil Limited announced that it entered into a conditional Sale and Purchase Agreement ("SPA") to acquire the entire issued share capital of CIECO V&C (UK) Limited. CIECO V&C has approximately £15 million of tax losses which are expected to provide additional value to Jersey Oil Limited following first oil from the Verbier discovery in the Upper Jurassic (J62-J64) Burns Sandstone reservoir located on Licence P2170. The transaction was completed in April 2021.

7. EMPLOYEES AND DIRECTORS

The Company has no employees (none:2019). The remuneration of the Directors is borne by Jersey Oil and Gas plc, the ultimate parent undertaking and controlling party within the Group. The Directors do not feel it practical to apportion any remuneration directly to Jersey Petroleum Ltd.

8. INTANGIBLE ASSETS

	Other intangible assets £
COST	
At 1 January 2020	10,267,805
Additions	4,898,731
At 31 December 2020	15,166,536
ACCUMULATED AMORTISATION AND IMPAIRMENT	
At 1 January 2020 and 31 December 2020	175,241
NET BOOK VALUE	
At 31 December 2020	14,991,295
At 31 December 2019	10,092,564

In May 2020 Jersey Petroleum Limited completed a transaction to acquire a 70% working interest in P2170 from Equinor UK Ltd. The acquisition which was not subject to any upfront cash payments consists of two milestone payments and a royalty based on volumes produced from the Verbier Upper Jurassic (J62-J64) reservoir oil discovery which are considered contingent liabilities (note 14).

- US$3 million upon sanctioning by the UK's Oil & Gas Authority ("OGA") of a Field Development Plan ("FDP") in respect of the Verbier Field; and
- US$5 million upon first oil from the Verbier Field.

In line with the requirements of IFRS 6, we have considered whether there are any indicators of impairment on the remaining exploration assets. Based on our assessment, as at 31 December 2020 there are not deemed to be indicators that the licences are not commercial and the carrying value of £14,991,295 continues to be supported by on-going exploration work on the licence area with no further impairments considered necessary.

9. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery £
COST	
At 1 January 2019	30,994
Additions	16,110
Disposals	(1,252)
At 31 December 2019	45,852
Disposals	(739)
At 31 December 2020	45,113
ACCUMULATED AMORTISATION, DEPLETION & DEPRECIATION	
At 1 January 2019	30,994
Charge for the year	3,683
Disposals	(243)
At 31 December 2019	34,434
Charge for the year	4,706
Disposals	-
At 31 December 2020	39,140
NET BOOK VALUE	
At 31 December 2020	5,973
At 31 December 2019	11,418
At 31 December 2018	-

10. TRADE AND OTHER RECEIVABLES

	2020	2019
	£	£
Trade receivables	192,731	138,364
Prepayments	121,323	59,332
	314,054	197,696

11. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020 £	2019 £
77,050	Ordinary	1	77,050	77,050

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Trade payables	360,256	301,655
Amounts owed to Group undertakings (note 15)	87,251,822	80,934,019
Other payables	999,926	865,036
Accrued expenses	351,994	22,259
	88,963,998	82,122,969

Jersey Petroleum Ltd has a loan from Jersey North Sea Holdings Ltd of £693,450 (2018: £693,450) which is included in Amounts owed to Group undertakings (see note 15). Other balances of Amounts owed to Group undertakings are not interest bearing and repayable on demand.

13. ULTIMATE PARENT COMPANY

The immediate parent undertaking is Jersey North Sea Holdings Limited.
The ultimate parent undertaking and controlling party is Jersey Oil and Gas plc, a Company incorporated in England and Wales. Jersey Oil and Gas plc is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2020. The consolidated financial statements of Jersey Oil and Gas plc are available from www.jerseyoilandgas.com.

14. CONTINGENT LIABILITIES

(i) 2015 settlement agreement with Athena Consortium: In accordance with a 2015 settlement agreement reached with the Athena Consortium, although Jersey Petroleum Ltd remains a Licensee in the joint venture, any past or future liabilities in respect of its interest can only be satisfied from the Group's share of the revenue that the Athena Oil Field generates and up to 60 per cent. of net disposal proceeds or net petroleum profits from the Group's interest in the P2170 licence which is the only remaining asset still held that was in the Group at the time of the agreement with the Athena Consortium who hold security over this asset. Any future repayments, capped at the unpaid liability associated with the Athena Oil Field, cannot be calculated with any certainty, and any remaining liability still in existence once the Athena Oil Field has been decommissioned will be written off. A payment was made in 2016 to the Athena Consortium in line with this agreement following the farm-out of P2170 (Verbier) to Equinor and the subsequent receipt of monies relating to that farm-out.

(ii) Equinor UK Limited: During the year (in January 2020) , Jersey Oil Limited announced that it had entered into a conditional Sale and Purchase Agreement ("SPA") to acquire operatorship of, and an additional 70% working interest in, Licence P2170 (Blocks 20/5b and 21/1d) from Equinor UK Limited ("Equinor") , this transaction completed in May 2020. The consideration for the Acquisition consists of two milestone payments, which are considered contingent liabilities:

• US$3 million upon sanctioning by the UK's Oil & Gas Authority ("OGA") of a Field Development Plan ("FDP") in respect of the Verbier Field; and

• US$5 million upon first oil from the Verbier Field.

The earliest of the milestone payments in respect of the Acquisition is not currently anticipated being payable before the start of 2022.

(iii) ITOCHU Corporation and Japan Oil, Gas and Metals National Corporation: During the year (in November 2020) Jersey Oil Limited announced that it entered into a conditional Sale and Purchase Agreement ("SPA") to acquire the entire issued share capital of CIECO V&C (UK) Limited, which was owned by ITOCHU Corporation and Japan Oil, Gas and Metals National Corporation, this transaction completed in April 2021. The consideration for the Acquisition includes a completion payment of £150k and two future milestone payments, which are considered contingent liabilities:

• £1.5 million in cash upon consent from the UK's Oil & Gas Authority ("OGA") for a Field Development Plan ("FDP") in respect of the Verbier discovery in the Upper Jurassic (J62-J64) Burns Sandstone reservoir located on Licence P2170; and

• £1 million in cash payable not later than one year after first oil from all or any part of the area which is the subject of the Field Development Plan. The earliest of the milestone payments in respect of the Acquisition is not currently anticipated being payable before the start of 2022.

15. RELATED PARTY DISCLOSURES

During the year Jersey Petroleum Ltd received management services from Jersey Oil and Gas plc, its ultimate parent company, amounting to £2,355,741 (2019: £1,414,327) and £975,880 (2019: £963,437) from Jersey Oil and Gas E&P Limited, a Group Company.

As at 31 December 2020 Jersey Petroleum Ltd has a loan from Jersey North Sea Holdings Limited amounting to £693,450 (31 December 2019: £693,450) which is included in Trade and Other Payables, as Amounts owed to Group undertakings. During the year, interest accrued on the loan amounting to £134,888 (2019: £137,363).

As at 31 December 2020 Jersey Petroleum Ltd owed Jersey Oil and Gas plc £83,452,411 (2019: £78,109,749) and, which is included in Trade and Other Payables, as Amounts owed to Group undertakings. No interest is accrued or payable on this inter-company loan.

As at 31 December 2020 Jersey Petroleum Ltd owed Jersey Oil and Gas E&P Limited £3,105,961 (2019: £2,130,820), which is included in Trade and Other Payables, as Amounts owed to Group undertakings. No interest is accrued or payable on this inter-company loan.

16. POST BALANCE SHEET EVENTS

Capital raise
In April 2021 Jersey Oil and Gas plc (Jersey Petroleum Ltd's Ultimate Company) held a General Meeting where the following were approved by Shareholders: The Offer for Subscription, announced as part of the Fundraising on 17 March 2021, closed for applications on 12 April 2021, the Company announced that valid applications were received from Qualifying Participants in respect of, in aggregate, 974,157 Offer Shares, representing approximately 80.36 per cent. of the Offer Maximum. Accordingly, pursuant to the Placing, Subscription and Offer announced on 17 March 2021 and further to the abovementioned, the Company issued 9,054,548 new Ordinary Shares (the "Placing Shares") pursuant to the Placing, 36,361 new Ordinary Shares (the "Subscription Shares") pursuant to the Subscription and 974,157 new Ordinary Shares pursuant to the Offer at a price of 165 pence per share. The Company raised total gross proceeds from the Fundraising of approximately £16.61 million (net proceeds £15.8m).

Completion of the CIECO V&C acquisition
On 7th April 2021 JOG completed its acquisition of the entire issued share capital of CIECO V&C (UK) Limited ("CIECO V&C"), owned by ITOCHU Corporation ("ITOCHU") and Japan Oil, Gas and Metals National Corporation ("JOGMEC"). The consideration for the acquisition consisted of a completion payment of £150,000 and two contingent payments based on the UK's Oil & Gas Authority's consent for a Field Development Plan and the potential future development and production of oil volumes from the Verbier discovery in the Upper Jurassic (J62-J64) Burns Sandstone reservoir located on Licence P2170 (Blocks 20/5b and 21/1d) ("Licence P2170"). The Acquisition provides JOG with an opportunity to create significant value through potentially developing the Verbier discovery as part of its planned Greater Buchan Area ("GBA") hub. Licence P2170 also benefits from multiple material exploration prospects that have high value potential through tie-backs to the proposed new GBA hub.

The Group consider all matters above to be non-adjusting post balance sheet events.